Wednesday January 18 1989

The hard-boiled attitudes on the East-West table

IT WAS when a distinguished American gentleman asked the waiter in my Vienna hotel how to open the bolled egg he had ordered for breakfast that the difficulties facing the Confer-ence on Security and Co-opera-tion were really brought home

Evidence of European

The first evidence of European companies supplying Libya with chemicals which can be used to make poison gas emerged yesterday. A West German businessman said a ship from his firm, Rhein-Maas-Seekontor, carried 60 tonnes of chemicals on behalf of the Belgian firm Cross Link. The charter company Cross Link is said to have acted for Imhausen-Chemie, under investigation for exports to

shipments

to Libya

Afghan meeting The leaders of the seven Pakistan-based Afghan resistance parties are holding a last-ditch meeting to agree on convening an assembly on February 1 to select an interim govern-ment. Soviet pullout, Page 18

Libya Background, Page 2

Korea armistice South Korean President Roh Tae-woo said he wants to meet North Korean leader Kim II Sung in a bid to end 40 years of rivalry. Page 4

Miami race riot Sporadic gunfire and looting continued in Miami, Florida, after a six-hour riot in a predominantly black neighbourhood. The unrest erupted after a policeman shot a black motorcyclist.

ent stre

PPC

Ransom demand

A previously unknown group. the Brigade Socialiste Revolu-tionaire, demanded a ransom of BFr30m (\$789,000) for the release of Paul Vanden Boey-nants, the former Belgian Prime Minister it claims to have kidnapped.

Israeli tough policy Israeli soldiers dynamited the homes of three Palestinians, marking a new, tougher policy against rock throwers in the occupied territories. Reform debate, Page 4

Arafat invitation

Yassir Arafat, Chairman of the Palestine Liberation Organisation, has accepted an invita-tion to address Arab Ameri-cans in Washington. The State Department did not say whether he would be allowed to enter the US. Page 4

Spanish unions

Spain's two major unions rejected the Socialist govern-ment's offers to resolve differences that led to last month's general strike. Page 3

Gadaffi abolitions

Libyan leader Muammer Gadaffi said that all state insti-tutions, including the "security apparatus" and the news agency Jana, would be abolished this year in favour of the people's rule.

Football ID cards

British government unveiled a controversial soccer identity card scheme which will also give courts powers to stop con-victed hooligans going to matches abroad.

Sri Lanka train crash At least 51 people, mostly

schoolchildren, were killed and 110 injured when a train and bus collided in southern

Solidarity standing

Mieczysław Rakowski, Poland's Prime Minister, said the Gov-ernment would legalise the banned Solidarity trade union if it promised to work as a partner with the ruling Com-munist party. Page 2

STERLING

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DOLLAR New York close DM1,85125 (1,8560 FFr6,3010 (6,3215)

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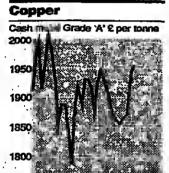
London: \$1.7680 (1.7600)

DM3.2725 (3.2700) FFr11.1560 (11.1400)

UK energy group set to face tough

NATIONAL POWER, which will succeed the UK's Central Electricity Generating Board after privatisation, faces a tough future with no friends in Government and few in the in Government and few in the industry, senior managers will be told next week. Mr John Baker, managing director of the CEGB, is planning to tell the managers they must fight for the interests of the company in a hostile world of intense competiton. Page 7

COPPER prices rose to record levels on the London Metal Exchange due to fears of strikes in Peru's mining indus-



try. Grade A cash copper ended £4 up at £1,952.50 (\$3,475) a tonna while three-months metal rose by £13 to £1,851.50. Commodities, Page 34

go ahead for the sale of British Rail's engineering subsidiary BREL (British Rail Engineering Limited) to a consortium of its management and staff.
The deal was held up by
rumours of an increased bid
by the rival General Electric Company.

tem could be adversely affected

in the US last year reached a record \$33.5bn, about 15 per cent higher than the \$29.2bn for 1987. Page 8

BROTHER INDUSTRIES, Japanese producer of equipment ranging from sewing machines to machine tools, showed a nearly one fifth setback in full-

GOLD FIELDS of South Africa, local affiliate of the UK's Consolidated Gold Fields, has reported higher interim profits despite a weakening of the gold price. First-half revenue increased to R232.4m (\$96.9m) from R197.9m and pre-tax

ABC BANK, Norway's largest ARC BANK, Norway's targest savings bank, said preliminary figures indicated losses on loans and guarantees reached a record NK-950m (\$141m) last

FOREIGN banks in India are seeking to persuade the authorities to review proposals requiring them to increase the volume of low-interest loans available to government-desig-

NATIONAL Semiconductor, California-based semiconductor maker, will lay off 2,000 work-ers, or just over 5 per cent of

NCR, US computer maker, bas reported lower fourth-quarter results, with net profits for the quarter slipped to \$149.6m from \$161.4m a year earlier on revenues of \$1.80bn against

CHINA'S state-run airlines will buy five McDonnell Doug las MD-11 long range jetliners under an agreement worth \$500m, the official Xinhua News Agency said.

MARKETS



3-mtb Treasury Bills:

an sylve i kara t Karaman

yield: 8.48% (same) Long Bond: 101 (101 ¹s) yield: 8.881% (8.88) 8.48% (same) Bond: 101<u>%</u> ciose 13<u>3</u>% (13<u>3</u>)

STOCK INDICES New York close 2,214,64 (-10) S&P Comp 283.82 (-0.32) FT-SF 100 1,867.7 (-4,1) 141.98 (Mon)

Y127.85 (128.10) London: DM1.8505 (1.8580) FFr6.3100 (8.3300) SFr1.5760 (1.5845) Y127.70 (128.20) OIL New York

31,227.52 (-70.86) Frenklurt 1.662.3 (-17.3) Brent 15-day (Argus) \$17.30 (+0.35) (Feb) West Tex Crude \$19.155 (+0.48) (Feb)

Business Summary

competition

UK GOVERNMENT gave the

EUROPRAN Monetary Sysyif the dollar rises too quickly, according to a senior Bundesbank director. Page 3

UK COMPANY acquisitions.

year pre-tax profits to Y6.35bn (\$50m). Page 25

profit was R166.4m against R144.0m. Page 26

year. Page 26

nated sectors. Page 3 its workforce, as part of a big reshape to focus the company on its core semiconductor man-ufacturing business. Page 21

\$1.82bn. Page 21

"sumy side up," Czech and Rast German policemen used to hitting all demonstrators on the head with truncheous were unable to refrain from doing "You break the shell and other Restern European dele-gations had agreed to accept a Western proposal strengthen-ing humanitarian contacts and facilitating family reunificainsert your spoon" seemed a prescription no more complijamming of foreign radio Baker couples realism Delors calls for with self interest as

basis of foreign policy

THE US must adjust to a world that has outgrown the post-war era. Mr James Baker, due to take over as Secretary of State under the Bush presidency. declared yesterday.

The economic and political crisis of the communist system, coupled with the increasing economic power of America's allies, posed new challenges to US foreign policy and leadership, he said. In his first outline of the likely direction of the incoming Administration's foreign priorities since being nominated, he said: "These realities will not permit a blind isolationism or a reckless unilateralism. Only through a realistic approach can we write a new chapter of American leadership for a rapidly-changing world," he said at the opening day of the Senate foreign relations committee

hearings to approve his nomi-nation by President-elect George Bush. Mr Baker, a long-standing friend of Mr Bush, is certain to be one of the most powerful voices in the incoming Admin-istration which takes office on Friday. A former US Treasury Secretary and White House Chief of Staff in the Reagan Administration, his nomina-

tion is expected to be con-firmed by the Senate. cific new policy commitments on key areas such as the inter-national debt crisis and arms control with the Soviet Union. Instead, he focused on the need for strong co-operation with the US Congress on foreign policy in the light of a world characterised by five significant changes.

broadcasts" or "allow peaceful demonstrations by political opponents to take place in your streets." But in both

cases the cultural divide was

Just as the egg remained uneaten by the gentleman accustomed to consuming it

not easily bridgeable.

First there was the "demo-cratic revolution" taking place in many developing countries. But several of the new democracies were fragile and their success not assured, he said.

The other changes were the spread of free markets and private initiative, experiments with new economic reforms in the communist world, technological progress, and worrying military trends, notably the dangerous proliferation of chemical weapons and ballistic

Mr Baker described himself as a Texan Republican conservative, but his main desire, it seemed, was to portray the incoming Bush Administration as one guided by realism and self-interest in foreign policy. It was a contrast with the idealistic visions voiced by former Democratic Presidents John Kennedy and Jimmy Carter, and the ideological rhetoric of the outgoing President Ronald

He leavened his remarks

thronghout with calls for a more open world trading system. The recent US-Canada free trade pact was part of a strategy to move "all nations system," but he was cautious about future US economic relations with the EC and Asia.
"Our relations with the Pacific - as our relations with Europe and, indeed, our own contineut - must emphasise outward-looking economic policies that promote trade and growth," he said.

so on the day after the adop-tion of a comprehensive human rights charter by their

governments. No wonder, then, that the

Romanian Ambassador to the CSCE conference broke down

in tears during a recent War-

saw Pact caucus at which

Looking to moves towards an integrated market in the European Community by 1992, Mr Baker said: "As a main ally and as a major trading partner, we will taka a keen interest in

Turning to relations with the Soviet Union, Mr Baker said the US and her Nato allies needed "a meeting of minds" on a future approach.

He was sceptical about tying a future strategic arms agree-ment with the Soviet Union to the new round of negotiations to reduce conventional forces in Europe. But he reasserted the need to review America's bargaining position on the outline strategic arms accord which would cut the superpowers' ballistic missiles arsenals by 50 per cent. "We may want to review the bidding," he said.

He also disclosed that Mr Bush had written to the Ango-lan resistance leader, Mr Jonas Savimbi, pledging future US military aid. He said that the US would continua to arm anti-communist groups which were "broad based, national in scope and had the support of the people".

the US could not resume nor-mal relations unless the country's strongman, General Manuel Antonio Noriega, stepped down from power, but he did foresee closer ties with Pacific

new approach to non-EC nations

By David Buchan in Strasbourg

tions and travel. The gentle-man in question apparently could not face the prospect of breaking the news to Mr Nico-lae Ceausescn, the Romanian leader, whose main idea of human rights appears to be to

human rights appears to be to heep his own family in as great comfort as possible. The Romanians, Czechoslo-vaks and East Germans have

not been the only ones to be

confused by the proceedings of the Conference.

MR Jacques Delors, president of the European Commission, yesterday launched the Commission's policy programme up to 1992 with controversial calls for a new structure of relations with Western European countries ontside the European Community and for a federal central banking system within

His calls for new links with the six members of the Euro-pean Free Trade Association, and for "evolving proximity policies" with the EC's Medi-terranean and North African neighbours, constitute Brussels' first clear attempt to dis-courage non-members from applying to join the EC by reducing the disadvantages of

staying out. Setting ont the Commission's agenda for the coming year, he told the European Par-hament the 12 BC states and Efta might want to create "a new, more structured relation-ship with common decison-

making and administrative institutions."

It was np to Efta to "strengthen its own structures" to make such a link with the EC possible, he made clear. If it did not, it would have simply have to accept Community rules, as the EC's internal market programme rolled on to 1992. Mr Delors reiterated that

membership applications until that date. He said the Commission

would give EC governments its opinion on Turkey's existing membership application by the end of the year. Among the next countries expected to apply are Austria, Norway, Maita and Cyprus. Mr Delors also gave the first

public confirmation of the likely content of the report, due in April, by the special

monetary committee he chairs. The report, the first draft of which was ready, would call for "a federal European banking structure depending on existing national cantral banks." Though less ambitions than creating a unitary EC central bank, it would entail another inter-governmental conference to revise the EC's

When, finally, it was decided "to stop the clock" to enable the conventional arms talks

mandate to be adopted by a fixed deadline, the Italian chairman of the meeting exclaimed: "Will somebody

please tell me whether tomor-row is still yesterday?" Indeed, the cosmopolitan atmosphere in which the con-

ference has given rise to some

bizarre vignettes.

founding Treaty of Rome.

Mr Delors said the present climate in EC-US relations, with a looming trade war and deadlock over farm subsidies, was "not conducive to a fruitful relationship."
The EC's attitude to its part-

rne EU's attitude to its part-ners, Mr Delors said, was that "its single market will be open, but it will not be given away." Adapting Soviet calls for a "common European house", Mr Delors said he envisaged "a before said the European Community of which we would be the sole architects and keepers of the keys" but added that "we would be prepared to open the doors to talk with our its doors to talk with our neighbours."

In order to fire young Europeans' imagination, to give the EC a greener face, and to safe-guard European culture, he set a high priority on educational exchanges, on promotion of EC television productions, on tighter environmental controls, and on health and safety. "The Commission will pro-pose the introduction of the

European system of environmental measurement and verification which could be the precursor of a European environment agency,"he said.

Mr Delors spoke of the need for flanking social, cultural and educational policies to accompany the Community's economic progress. Much though the EC had accomplished in harmonisation and deregulation, "you cannot fall Continued on Page 18



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US and UK tell Moscow to act on human rights

By Robert Mauthner and Judy Dempsey in Vienna

THE US and Britain yesterday told the Soviet Union and its allies that, despite the progress they had made recently, much more remained to be done before their human rights record could be considered

acceptable.

Both Mr George Shultz, the
US Secretary of State, and Sir
Geoffrey Howe, the British Foreign Secretary, warned the Eastern European countries that they would be judged by their deeds, not their words. It was not enough just to

have given their approval to the final document of the Vienna follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE), the two said. Implementation of the far-reaching undertakings on human rights was what counted.

what counted.

As expected, Mr Shultz, who was making his valedictory speech at the forum, strongly criticised Czechoslovakia, East Germany, Romania and Bulgaria for their failure to respect basic human rights, such as the freedom of expression, the freedom to travel and free exchange of information. Both referred to the violent

suppression by police of demonstrations in Prague last weekend as unacceptable viola-tions of the Helsinki agreement of 1975 and the principles subsequently enunciated by the Madrid and Vienna follow-up conferences.

"Even as we meet, events in one of Europe's most beautiful capital cities show that elsewhere on our continent there remains an enormous gap between the aspirations of ordinary people and the will-Continued on Page 18 Czechoslovakia's opposition,

UK judges order minister to refer acquisition of Harrods

By Raymond Hughes, Law Courts Correspondent, in London

LORD YOUNG, Britain's Minister for Trade and Industry, was yesterday ordered to refer to the Monopolies and Mergers Commission (MMC) the Al Fayed brothers' 1985 acquisition of House of Fraser, the Harrods department stores

In a High Court ruling in London, the three judges also said Lord Young must think again about his decision not to publish the Department of Trade and Industry inspectors' report into the acquisition while the Serious Fraud Office considers whether it gives grounds for criminal prosecu-

The orders were made on applications by Lonrho, the international conglomerate, which had challenged the legality of both of Lord Young's decisions.

CONTENTS

However, Lonrho, which the court was told is convinced that the report is "a bomb-shell" containing adverse critishell containing adverse criticisms of the Al Fayeds, is not yet in a position to claim final victory in its long battle with them for possession of House of Fraser and Harrods.

Lord Young will challenge yesterday's jndgment in the Court of Appeal today. The appeal will need to be resolved by Friday as the statutory period for a monopolies refer-

ence expires on Sunday.

Lord Justice Watkins, the presiding judge, said yesterday.

This is plainly a case where the disturbing contents of the report - for such they must be, having regard to the deci-sion to send it to the Serious Fraud Office – cried out for a reference to the MMC, and I can see no sensible reason why

that was not done."
On the issue of publication of the DTI inspectors' report—the contents of which were not disclosed to the court - Lord Justice Watkins said Lord Young had acted unlaw-fully by regarding the activi-ties of the Serious Fraud Office as determinative of his deci-

The judge rejected a sugges-tion that publication of the report might prejudice any criminal prosecutions arising

from it.

The rulings were greeted by a delighted Mr "Tiny" Rowland, Lourho's chief executive, as a great victory. "Everything we have said and the actions.

adding that there was "no question of a vendetta" against the Al Fayeds.

The key factor in the High Court's decision to order a ref-erence was Lord Young's failerence was Lord Young's fail-ure to give reasons for his deci-sion. "In the absence of reasons," said Lord Justice Watkins, "we are entitled to assume that there are no rea-sons – or no good rea-sons – for the decision."

Lord Young, the judge said, "has not allowed us to look into his mind so as to enable us to know why it is he did not send this matter to the MMC, that expert body, in order that he could receive from its mem-bers the advice, following an investigation, which they are peculiarly in a position to

In the absence of reasons, the decision not to refer was to be characterised as one that no reasonable minister could have reached, the judge said.

The MMC, the judge said, was powerfully endowed with experience in the business world and could give powerful assistance in ensuring that the

we have taken have been vindicated. We will not give np whatevar happens," he said, public interest was served.

Change Economic recovery weighed down by The shadow of the past falls state owned anterprises. across Czech leader's future Oils Secretive Libyans build export bridges to Milos Jakes faces new

	streats of Pragua as the opposition calls for perestroika and pro- claims that tha day of reckoning la close for a society which faces political change before economic recovery can tegin	Paria markel
		Hammerson16
2,3 19,26 8	Agriculture	Financial Futures

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Nuclear plant in Azerbaijan axed after earthquake

By Quentin Peel in Moscow

A NUCLEAR power station planned for the Soviet republic of Azerbaijan has been can-celled, and will be replaced by a gas-fired thermal power plant, because of the earth-quake danger in the region. The move comes only weeks after it was decided to close

Armenia's own nuclear plant, some 15 miles from Yerevan, because of concern following last month's earthquake. Both decisions show the extreme sensitivity of the Soviet authorities to public

opinion on nuclear power, in the wake of the Chernobyl accident, and in the light of strong criticism of Soviet con-struction techniques in earth-

The new Azerbalian power station, with a capacity of 3.2m KW according to Tass news agency, will be built 30 miles south of Bakn, the capital.

The plant will use natural gas from the nearby Caspian Sea, instead of nuclear energy. The Azerbaijan plant is intended in part to make up for a forecast shortage of electricity in Armenia when the Yerevan power station is closed on March 18. Factories in Armenia have already been told they will have to cut electricity consumption, and go on to more off-peak night-shift working to eke out reduced

supplies. Meanwhile, the Soviet authorities have also revealed more details of the political

purge under way among Communist party leaders and civil authorities in both Armenia and Azerbaijan because of the year-long ethnic unrest in the

republics.
The party newspaper Pravda reported that in Armenia 13 top officials had been expelled from the party, 24 heads of Soviet and economic organisations, and 12 public prosecu-tors, had been sacked.

Several top ministers, includ-ing the Interior Minister and his deputy, had been severely reprimanded for their failure to control the disturbances. The purge is relatively mod-set in conveyion with poich.

est in comparison with neigh-bouring Armenia, where it was reported earlier that 2,500 party and government officials had been disciplined, including sacking or expulsion from the

Moscow officials have main-tained that a key factor behind the upsurge of ethnic unrest between the two republics was the corruption and inefficiency of the local party organisa-tions, including their failure to tackle key issues of economic and social development. At least 78 people have died in ethnic disturbances, which

began almost a year ago. Soviet officials yesterday updated the death toll from the Armenian earthquake, saying that the number of dead recovered from the wreckage, including those who died in hospital, was 24,958.

Bonn and Washington are slow to see eye to eye on chemical weapons plant

Clash of philosophies underlie Libyan dispute

West German company details contacts with Libya

but which Libya insists is for

pharmaceuticals production. West German prosecutors

have opened criminal proceed-

ings against Imhausen related to the US accusation that the

company was involved in building the Rabta plant. The company has denied the US

between Bonn and Washington over trade with Libya are two clashing phi-losophies of trade and a set of West German export controls which have, according to one German politician, as many holes as a Swiss cheese.

After some half-hearted attempts to deny that German companies were

involved, the Government has now admitted both to the likelihood that Libya's Rabta plant can produce chemi-cal weapons and to the probability that German companies have been involved. Few people knowing the extent of

West German involvement in Third World nuclear projects have been sur-prised by this admission. However the Germans feel resentful about the manner in which they have been singled out by the US: they can point to reports that companies from several other European countries have

Libya's largest trading partner.

Also, according to one official, the fact that the US has had a total trade embargo with Libya since 1986 - an embargo which the EC refused to join - has made it less able to distinguish

IMHAUSEN-CHEMIE, the West

German chemicals company at the centre of the controversy

over alleged supply of chemical

weapons technology to Libya, had detailed discussions in the

early 1980s related to the pro-posed building there of a plant to make polyethylene, a wide-ly-used plastic.

Mr Ingo Graefe, au Imhausen executive, said vesterday that

executive, said yesterday that

news reports a fortnight ago

been involved in building the suspected poison gas plant, and it is Italy which is

UNDERLYING THE aggravation between legitimate and illegitimate

trade with the country.

The reluctance of Germany to join the embargo, despite shared disap-proval of the Libyan regime, stems from the belief that politics should interfere as little as possible with trade.

Indeed, a recent summary of the For-eign Trade Law, published by the Fed-eral Economics Office, underlines how little anything is allowed to interfere with exports. It shows that almost all German exports to Libya are legal and also makes clear how simple it is to avoid the law for those which are not. The law incorporates all Bonn's com-

mitments to export control - the Cocom agreement to limit trade in sen-sitive electronic and military equipment to the East Bloc, the self-imposed limitation on selling arms outside the Nato area, the Australian initiative on controlling dangerous chemical exports, and control of nuclear technology. The law, drawn up in 1961 and last amended in 1986, also lays down vari-

ous principles, like national security, under which exports can be blocked. Next come the long lists of sensitive exports and countries for which special licences are generally required.

stiel-Imhausen, the managing director, as saying he had never heard of Libya were

based on an "incorrect inter-

The polyethylene plant -

which was never built - was to have been for Libya's main

petrochemicals complex at Ras

from Rabta, the site of a con-

troversial chemicals factory

which the US says is for mak-

Lanuf. This is a port 400 miles

pretation."

The Federal Economics Office handed out more than 100,000 of these licences last year and refused to licence exports in only a few dozen cases. But the obvi-ous weakness, in a system which appears to have few double-checks at the customs-point, is companies them-

selves decide if they need licencing. Exports to non-OECD countries, including Libya, of chemicals or equipment to build a chemical plant do require licencing. And in the case of licenced products worth more than Dm 500,000 independent verification of the destination and use of the product is demanded.

However exports to Governments, as long as they are not in the East Bloc, require no destination/use verification. And there appears to be little serious attempt to deal with triangular or quadrangular trade in sensitive goods.

So as long as German companies can show that they did not knowlingly supply a Libyan chemical weapons plant—as is presumably the case with most companies - they will face no charge. Some experts such as Mr Hans-Juergen Muller, of the Association of Exporters in Hamburg, believe that despite the political furore not very

peting technologies for the polyethylene project, Imbausen had close links with Mr Roger

Kawafi, a Libyan government official in charge of the Ras

Lanuf complex.

Houston-based Brown & Root said yesterday that managers at Imhausen had been on

first name terms with Mr Kawafi Brown & Root said the

managers had persuaded Mr Kawafi – after the US com-pany had been prepared to drop imhausen's plastics pro-duction process from the list of

candidates for the polyethylene plant — to look again at imhausen's technology, causing a six-month delay in the

evaluation procedure.

"Imhausen was in a position to apply a lot of pressure (on Libyan government officials) and 1 had the impression they had good contacts there," said a senior engineer at the US company, who asked not to be ramed.

A UK engineer at a consulting company, who also asked not to be named, said he had also had discussions in 1990

with Imhausen about its

attempt to become involved

with supplying technical exper-tise to Libya on polyethylene.
"The company said it was talking to the Libyans about the project," said the engineer.

These discussions were tak-

ing place at the same time as a

number of Western chemicals groups were considering

becoming involved in the pro-

by Libya in the mid-1980s.

cal) of the US.

evaluation procedure.

named.

much will, or should, change. He says it is impossible to control all goods with a possibly military use, such as a simple tube. "It is not our philosophy to control the end-user," he says.

Despite the Government's announcement of welcome measures to tighten up the measures.

ment of welcome new measures to tighten up the present laws — in particular better coordination between the licence-givers and the customs — Mr Helmut Haussmann, the Economics Minister, continues to sound surprisingly complacent about the problem.

It may be true that other European countries have no better controls and that the biggest exporter in the world is likely to have a high share of dubious exports, but the current "export scan-

exports, but the current "export scan-dal" has, unusually, falled to stimulate Germany's ever-present guilt complex about the last war.

Mr Haussmann insisted again yester-

Mr Haussmann insisted again yester-day in a newspaper interview that the liberal basis of the current law would not be eroded. He also said that weap-ons represent less than 1 per cent of German exports. Not very comforting when only the tiniest fraction of 1 per cent could represent equipment capable of enormous destruction. Secretive Libyans, Page 6

big change in working at Genk

Ford seeks

By Kevin Done, Motor Industry Correspondent

FORD IS seeking a far-reaching FORD IS seeking a far-reaching change in labour practices at its Genk assembly plant in Belgium following its decision to transfer UK production of the Sierra from Dagenham.

No negotiations have yet been held with the local trade

been held with the local trade unions, but a spokesman for Ford Werke, Ford's West German subsidiary which includes the Genk plant, said the company was planning to introduce a three-shift working pattern, which would mean round-the-clock working.

Ford Werks said the company was planning to increase

Ford Werke said the company was planning to increase output of the Sierra at Gent from around 1,350 to a maximum of 1,970 a day (from 325,000 a year to 473,000) from Angust 1990, when the transfer of production from Dagetham is completed. The move would mean around 2,000 extra jobs.

Sierra production in the HK Sierra production in the UK will be terminated in two stages, with the transfer of estate and hatchback versions next August to be followed by

the saloon version a year later. the saloon version a year later.
Only one other vehicle assembly plant in Western Europe, General Motors' small car plant at Zaragosa in Spain, which produces the Opel Corsa/Vauxhall Nova, is believed to be working three shifts and 24 hours a day.

Pressure for more flerible. Pressure for more flexible

working practices in the European industry is intensifying, however, and SEAT, the Spanish subsidiary of Volkswagen, is also working three shifts for the production of some components at its Barcelona plant.

GM introduced three-shift working in Spain last year, at the same time as it also won the same time as it also won agreement from its Belgian workforce for far-reaching changes in working practices at its Antwerp plant, which produces the Opel Vectra/Vauxhall Cavalier, one of the main rivals to the Ford Sierra, as well as the smaller Opel Kadett/Vauxhall Astra. Ironically, the Sierra assembly line at Genk is to be closed for a week from January 30 to February 4 to cope with lower than expected sales in Western Europe. At the same time pro-

> industry estimates suggest that European sales of the Sierra totalled around 375,000.

It has already succeeded in

gaining considerable flexibility

Last year the workforce agreed to work three Saturdays

and five holidays in addition to overtime in the paint shop in

order to raise production tem-porarily above the normal two-shift level of 1,350 to 1,430

a day. The motor industry work-

force in Belgium has already shown greater flexibility than in most other European coun-tries. GM'e Antwerp plant began working a revolutionary new system in August last

year involving three crews

working a pattern of two 10 hours shifts a day including a single shift on Saturdays.

The system has allowed GM to consolidate production from two plants in Antwerp into one

with the same level of output,

while giving 110 hours a week capacity utilisation compared with the traditional 75-78.

Former Fiat

consultancy

chief to launch

By Alan Friedman in Milan

THE FORMER chief of Fiat Auto, Mr Vittorio Ghidella,

who was ousted last November

from the Turin-based group after a power struggle with Mr Cesare Romiti, group manag-ing director, is to launch his own international automotive

consulting firm in the next two

weeks.
The widely-respected Mr

The widely-respected Mr Ghidella, who engineered Flat's impressive recovery du-ing the 1980s, yesterday said he would set up the consultancy in Milan.

The Fiat group was badly

shaken on November 25, when Mr Ghanni Agnelli, the chair-man, announced Mr Ghidele's

at Genk.

Europe. At the same time pro-duction is to be cut from 1,50 a day to 1,550.

Ford said that it produced around 425,000 Sierras at Genk and Dagenham last year, but

the USSR, Japan and Spain. Imhausen — whose other activities include production of special intermediate chemicals used in pharmaceuticals pro-duction — has had strong links in recent years with two sob-sidiaries of Hoecbst, the West German company which is the world's third biggest chemicals

posed polyethylene project, plans for which were dropped The other companies included Britain's Imperial Chemical Industries and Union Carbide and National Distillers (now called Quantum Chemi-

Mr Gracie, purchasing manager at Imhausen, which is based in Lahr, near Strasbourg, and employs about 500 people, yesterday denied that the company had had any dealings with Libya regarding the and Thailand, bar Rabta plant. "People are not sen's technology.

telling the truth about us,"
said Mr Graefe.
Mr Graefe said that Imhausen had tried to become
involved in the Ras Lanuf polyethylene plant but that he knew none of the details. He said that Mr Hippenstiel-

imhansen would know more about the discussions related to the polyethylene project but was involved in a meeting and could not come to the telephone. The privately owned Imbau-

The privately owned imbausen is well known in the West European chemical engineering community, largely due to its expertise in building polyethylene plants.

The company, formed in 1905 by Mr Arihur Imbausen, the father of Mr Hippenstiel-Imbausen's father-in-law, has access to a licence to a particular.

access to a licence to a particular process for making polyeth-ylene which it has sold around the world,
Imhausen has used this technology — which was devised
during the 1940s by engineers

at I.C. Farben, the glant chemi-cals group formed in Germany during the Nazi era — in the construction of a number of plants in countries including

group.
Ruhrchemie, a plastics pro-

duction company owned by Hoechst, employed Imbausen to design and build a 120,000 tonnea-year polyethylene facility at Oberhausen near Cologne which started up in the mid 1980s.

Uhde, a second Hoechst subsidiary which is a specialised plant contractor, has in the past seven years built two polyethylene plants, in China and Thailand, based on Imbau-

Rakowski says Solidarity must work with party

POLAND'S Prime Minister, Mr Mieczysław Rakowski, said yesterday that the Government would legalise the banned Soli-darity trade union only if it promised to work as a partner with the ruling Communist party, Reuter reports from Warsaw.

He said Solidarity leaders

must first give assurances that

must first give assurances that it would not plunge Poland into anarchy before a gradual legalisation process proposed by the party's polithuro could begin.

Mr Rakowski also proposed a trial period up to May 3, 1991, to test future collaboration between the party and Solidarity, which it suppressed under martial law in 1981.

He told the policy-making central committee a draft polithuro resolution "opens up a process of this organisation, which is in fact now operating underground, entering into activity."

The central committee was

dne to vote on the resolution yesterday evening after a iwo-day debate that exposed serious disagreements and resistance among many mem-bers.

Left-wing group demands ransom for Belgian ex-PM

By Tim Dickson in Brussels

A LEFT-WING group calling itself the Socialist Revolution-ary brigade yesterday demanded BFr30m (£450,000) for the release of Mr Paul Vanden Boeynants, the former Bel-gian Prime Minister who appeared to have been kid-

appeared to have been kid-napped at the weekend.

In a letter to two Belgian newspapers the group insisted it was not a terrorist organisa-tion, that it opposed the "nepo-tistic capitalist powers", and its aims were a "fairer and more egalitarian state".

The letter described Mr Van The letter described Mr Van-

den Boeynants as a "dema-

gogue" who had personally profited from public funds and demanded that those who had supported his recent candida supported ms recent candida-ture as mayor of Brussels should pay BFr20m to organi-sations relieving poverty.

A further BFr10m should be contributed to the general "effort of mobilising and moti-

vating the people". A special parliamentary commission looking into allegations of misappropriation when Mr Vanden Boeynants was Minister of Defence was supported tracked. suspended yesterday following his disappearance.

surprise resignation. Mr Agnelli attributed his depar-ture to policy differences. FINANCIAL TIMES

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EUROPEAN NEWS

Ford seek Helsinki process gets back on the move

By Judy Dempsey in

at Genk,

المراجعة الإنجاد

THE HELSINKI process of multilateral talks on human rights and security will not

end in Vienna.

A long road lies ahead in which individuals, voluntary groups and governments will seek to monitor compliance with the document signed in Vicuna at the weekend.

This was the message

repeatedly drummed home by Western delegations after they agreed to a package giving the citizens of Eastern Europe and the Soviet Union civil rights which would have been unthinkable 13 years ago when the original Helsinki

Final Act was signed.

The process will start with an information Forum in Loudon from April 18 to May 12.

Journalists, particularly those with experience in East-Westrelations and the Eastern bloc will be represented on the del-

This will be an opportunity, too, for Western journalists to point out the ways in which they are hindered in their work in such countries as

Romania. Discussion will also focus on the distribution of books and

Next on the agenda is Paris. where, on May 30, an ambi-tious conference on the human" dimension of the CSCE will begin.

This conference forms part of the new "monitoring mechanism" which will review in detail compliance with the Vienna document'a provisions on human rights, and also consider complaints by individu-

held in Copenhagen in June 1990 and, most controver-stally, in Moscow in September 1991.

Last minute

Britain, the United States and Canada held out until the last minute before agreeing to the Moscow meeting, seeking assurances that Western lobby groups, reporters and individuals would have access.

Sparks are expected to fly at the environmental meeting which will take place next October in Sofia, Bulgaria. The Turks have said they

would consider staying away if the Turkish speaking minor-ity in Bulgaria continued to be.

economic co-operation, part of the "forgotten" agenda of the Helsinki process, opens in Bonn in March next year despite protests from conservative lobbyists in the US.

The meeting, regarded as the brainchild of Mr Hans-Die-

trich Genscher, the West German Foreign Minister, will involve businessmen from all over Europe.
This has prompted worry in the West German husiness

community about the threat to its pre-eminent position in trade with Eastern Europe. The following antumn, a meeting on the Mediterranean will be held in Palma de Mal-

lorca, Spain, and a meeting of experts on "Peaceful Settle-ments of Disputes" will open in January, 1991 in Valletta, In May that year, Poland

will host a Symposium on Cul-tural Heritage in Krakow. The number of follow-up meetings have prompted some Western delegates to speak wryly of a "travelling circus": but the consensus remains that regular and formal con-tacts between East and West are preferable to shouting across the wall.

By David Buchan in Luxembourg

LUXEMBOURG has introduced

film production tax incentives in its attempt to make the

duchy an important European audio-visual centre.

andio-visual centre.

The tax moves are part of a concerted government strategy which includes the recent successful pitch by Mr Jean Dondelinger, Luxembourg's new European Commissioner, for the Brussels audio-visual portalio and healing for the Astra

folio, and backing for the Astra satellite, which is due to start broadcasting Mr Rupert Mur-doch's four Skychannels early

mext month.

Mr Jean Paul Zens, the Government's andio-visual adviser, said yesterday a few British, West German and French film companies had already joined Investigation of the companies of the said of the companies of the said of t

Luxembourg partners in applying for the new tax benefits.

These came into effect this month and would allow pro-duction companies to reduce

their local tax liability by up to 30 per cent.
The novel flexibility of the tax measure is that foreign companies with little or no tax-able income in Luxembourg

can sell their tax certificates to local companies which can use

Luxembourg offers tax

breaks to film-makers

Angry young Czechs shed parents' fears The party may have to reform itself to contain rising opposition, says Leslie Colitt

ANY Czechoslovaks have abandoned hope that Mikhail Gorba-chev, the Soviet leader, will force the conservative Czecho-slovak leadership to introduce slovak leadership political reforms.

"I am afraid we will only get "I am afraid we will only get reforms by extreme pressure and perhaps even bloodshed from below," Mr Jan Urban, an opposition activist in Prague, noted gravely. "Gorbachev wants us to be quiet and wants Milos Jakes (Czechoslovakia's leader) to keep the situation under control. But we cannot have any hope under Jakes." Last Sunday, despite the party's warnings, nearly 5,000 Czechoslovaks sought to commemorate the 20th anniversary of the suicide of Jan Palach, a student. Their protest was elo-quent testimony to the volatile mood of a growing number of

Most of those who braved water cannon, tear gas and the batons of the riot police in central Prague were young people. They were born after the crushing of the Prague Spring of reforms in 1968 and had shed the fear and passivity which immobilised their paragree efter 1968 ents after 1968.

The opposition, young and old, wants to make active use of humanitarian agreements reached in Vienna under the Helsinki framework to prise concessions from Prague.
But Mr Jakes, although a "centrist" in the ruling praesidium cannot jump over his own shadow. To the population at large he epitomises the "nor-malisation" period after 1968. Mr Urban, who is in his early forties, said that unlike their parents the young mili-

A Czechoslovak prosecutor suggested yesterday that 14 leading dissidents detained after police violently broke up a Prague demonstration for the second consecutive day could face up to six months in prison, Reuter reports. According to dissidents, he

said they were to be charged

tants believed it was no longer possible to "corrupt them-selves" because the regime's "day of reckoning" was close. He was afraid that the anthorities had radicalised these young Czechs to the point where they resembled the embittered young support-ers of Solidarity in Poland.

The young Czechoslovaks were first mobilised by trials a few years ago of leaders of the banned Jazz Section which had an enormous following among the young. But their brief hopes of reforms were again dashed after the changeover in the leadership from Gustav Husak to Mr Jakes in Decem-

ber 1987. This disillusionment was shared by many Czechoslovaks in the party and the economy.

Their only hope of a reformer
within the party was Mr
Lubomir Strougal, the Prime Minister, who was removed last October. Many Czechoslovaks regarded him as Gorba-

with obstructing public officials. An evening television announcer on Monday read out the names, addresses and dates of birth of the 14, includ ing playwright Vaclav Havel and two members of the Charter 77 human rights group, Dana Nemcova and Sasha Von-

Although Mr Strongal had remained largely silent on the political ice age since 1969, he saved his reputation by mount-ing a last, unsuccessful challenge to the party in favour of sweeping economic reforms. Some Czechoslovaks suggested that he could stage a comeback one day, noting that their countrymen appreciated "faces they know "

Much will depend on how the leadership copes with the rising tide of opposition. Mr Rudolf Slansky, son of the former senior party official of the same name who was executed for "revisionism" in 1952, said

Mr Strougal's departure and the radicalisation of youth meant an even greater polarisation within the country

The danger of escalating clashes with the security police gave the hardliners the excuse to continue the oppression of dissent, he said. The dilemma however, was that with humanitarian agreements such as those in Vienna the authori-ties could no longer simply crack down without conse-

"If there is a crisis in Czechoslovakia today it is a political and not so much an economic one," Mr Slansky noted, despite the alling economy. Factory directors and government officials, he said, wanted economic reforms because otherwise they would lose their jobs. But unlike 1968, half the party was presently against political reforms which were the pre-requisite for economic reforms.

This fight inside the party will be important in coming years," he predicted. "Pressure from inside the party and from society outside will lead to the party reforming itself." Mr Slansky's optimistic view was nurtured by developments in Hungary where the party sought to preserve its leading role by aiming for a coalition with newly-awakened political forces. In Poland too, the party under Mr Mieczyslaw Rakowski was groping toward some form of rapprochement with the population by estab-lishing a dialogue with Solidar-

But the situation in Czecho slovakia offers few hopes of a compromise in the foreseeable future. The lid has been kept on so tightly by the party since 1968 that even attempts to lift it slightly could meet with vio-

What developments Czechoslovakia show is that East Europeans cannot expect meaningful reforms to emerge solely from East-West declara-tions of intent on human in 1977, the Charter 77 civil

rights movement was founded in Prague after the signing of the 1975 Helsinki Accord and its human rights provisions. But Charter 77 gathered only But Charter 77 games of any modest support among ordinary Czechoslovaks. Only the rise of a spontaneous opposition among vounger Czechoslotion among younger Czechoslo-vaks brought about a wholly new situation.

A new round in the confrontation between the opposition and the authorities could come as early as next Saturday, when opposition groups plan to commemorate the burial of Jan Palach in the cemetery of Vsetaty 30 kilometres from Pra-

Bundesbank sees danger for EMS in dollar's rise

tensions in the European Mon-etary System (EMS) came yes-terday from Mr Claus Koehler, a director of the Bundesbank,

West Germany's central bank.
At the same time, the Bundesbank also signalled its readiness to tighten monetary policy further by reverting to the auction method in this week's securities repurchase (repo) agreement, thus allowing com-mercial banks to set their own rates. The rate, set today, looks likely to edge above 5 per cent.

The move reflects concern in the bank at incipient inflationary trends in West Germany, highlighted yesterday by offi-cial figures showing a faster year-on-year rise of 3.5 per cent in wholesale prices in Decem-

Ms Gabriele Lamers, an economist with Dentsche Bank's investment research department, said: "This may be the first indication of a further Lombard and discount rate hike in due course." But she and others did not expect a move this week.
Although Mr Koehler did not

elaborate on his EMS remark

A WARNING that too fast a made in a newspaper interrise in the dollar could lead to view, economists interpreted it view, economists interpreted it to mean that a determined and early rise in key interest rates forced by the need to strengthen the D-Mark would put pressure on other curren-cies, notably the French franc Yesterday, the dollar closed

Reiterating the Bundes-bank's view that a strong D-Mark was desirable to com-bat inflation and bring down the country's high surpluses Mr Koehler said the devalua tion of the currency and the revaluation of the dollar could not be welcomed on national or international economic grounds.

Economists are divided on whether a change in EMS pari-ties is likely soon, especially since the French and West Ger-man governments have stressed their reluctance about an early move. "A realignment could stall convergence," said Ms Lamers.

However, Mr Richard Reid, an economist with UK stockbrokers Phillips and Drew, said a realignment would be justi-fied on competitive grounds at

Spanish pay talks make no progress

SPAIN'S Socialist Government and trade union leaders abandoned talks yesterday after failing to narrow differences over demands for higher wages and pensions, Reuter reports from Madrid

The meeting between Mr Mannel Chaves, the Labour Minister, and representatives of the General Workers Union (UGT) and Communist Workers Commissions (CO) lasted nine hours.

Mr Felipe Gonzalez, the Prime Minister, and union leaders also failed to reach agreement in talks last week. public sector pay increases to make up for last year's higher-than-expected inflation, pension rises and the extension of unemployment benefit to more

A senior UGT official who attended the meeting accused the Government of failing to make any significant new conare determined to cash in on the success of a one-day gen eral strike on December 14. No date was set for a new meeting, although one union leader said the Government

would need time to consider union proposals carefully.

The Government has said if cannot afford to meet fully the union demands, which the unions have estimated would cost Pta 412bn (£2.05bn).

Portugal faces labour unrest

PORTUGAL'S centre-right Government faces growing labour unrest because wage deals based on official estimates of inflation are falling behind actual price rises, Ren-

ter reports from Lisbon. National railway workers and Lisbon bus, tram and ferry operators have called what could be the first of many strikes on Friday. Lisbon metro workers have stopped work twice this month.

At the centre of the contro versy is last year's official inflation rate of 9.6 per cent compared with government forecasts of 6 per cent.

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The Government's immediate aim is to encourage Compagnic Telediffusion Luxembourgoise (CLT) to "come home" and to resume making programmes in the duchy. CLT stopped making films in Lencembourg in 1984, as part of its continuing internationalisa-tion and establishment of subsidiaries and studios in West Germany, France and Belgium. It is now trying to obtain a Luxembourg tax write-off on the "Mind Your Language" situation comedy about immigrant schoolchildren, which it has bought from the BBC with

has bought from the BBC with the aim of making it in the duchy in both French and Ger-man. Mr Henri Roehmer of CLT anvisages the duchy as a new centre for multilingual sit-

Given Luxembourg's relative dearth of film locations and acting talent, the duchy is hardly likely to become Europe's Hollywood. But, at the very least, said Mr Zens, species of the companies should foreign film companies should consider Luxembourg's finan-cial centre as the place from which to pay and insure their

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Foreign bankers seek review of Indian loan rules

By David Housego in New Delhi

requiring them to increase the volume of low-interest loans available to government-designated priority sectors.

nated priority sectors.

New guidelines issued last year by the country'e central bank, the Reserve Bank of India, require foreign banks to raise their lending to priority sectors to 10 per cent of their net lendable assets by March this year. The Government envisages this rising to 15 per cent by March 1990 and possibly higher still after that.

Priority sectors include agriculture, low-cost housing and small-scale industry. Most foreign banks are currently lend-

eign banks are currently lend-ing well below the 10 per cent level but say they will do their

best to meet it. Mr David Roberts, Citihank's head of operations in India, says: "We hope to achieve it. It is a pretty clear directive from

the government."

The state-owned banks which account for the bulk of the deposits in India are required to reserve 40 per cent of their lending for the priority sectors. But foreign banks claim it is much more difficult for them to lend to priority sec-tors because they do not have branches in rural areas and thus cannot lend to agricul-

Currently the maximum advantages given to the foreign banks can lend to an individ-

FOREIGN banks in India are ual client under the low-inter-seeking to persuade the est housing priority scheme is authorities to review proposals Rs 5.000 (£185) — a ceiling set Rs 5,000 (£185) - a ceiling set long ago which does not reflect the rise in land values in the cities where foreign banks

have their branches. have their branches.

The pressure on foreign banks to increase their priority lending has come largely from the nationalised banking sector which attributes the much higher profits of foreign banks in part to their escaping the onerous requirements imposed on the domestic sector.

The foreign banks are aware

The foreign banks are aware that increasing profitability makes them vulnerable and they are anxious to be seen to be complying with the Reserve Bank's requirements on the 10 per cent floor.

The banks facing the new guidelines would like to see priority sectors widened to include new areas euch as exports, where they have more opportunity to expand lending. They would also like more a more realistic limit on low-in-

terest loans for housing.

Many foreign bankers feel
the Government should do more to deregulate the banking system as a whole rather than impose new burdens on the foreign banking sector. They also argue that low profitability in the state sector reflects the inefficiencies of domestic banks rather competitive

variety of countries.

There are 25,000 boat people in Hong Kong who have come direct from Vietnam. Of these, 10,000 are liable to be classified as illegal immigrants under new tries introduced lest there.

new rules introduced last June

Hong Kong hopes that next month Vietnam will take back an initial 100 out of 300 who

have volunteered to return.
The UK has said it will take
1,000 of the remaining 15,000

recognised refugees over the

next two or three years, provid-ing other leading countries do the same.

ISRAEL'S National Unity

Government has decided to wash its hands of the Taba border dispute with Egypt, a quarrel which has soured relations for years with the only Arab

country to have signed a peace treaty with the Jewish state. Talks, to be attended by a US

State Department team, are due to begin in Taba tomorrow on the final arrangements for the tiny border enclave at the head of the Gulf of Agaba. No deadline has been set for their conclusions but Israeli officials.

conclusion, but Israeli officials believe that one or two rounds

should wrap the matter up.

The key, unresolved issue of how to delineate the border

line from the last marker post to the sea has in effect been

conceded in Egypt'e fevour.
These negotiations are thus
expected to focus on questions
of compensation and of access

to Taba, a popular holiday resort, for Israeli citizens. Western diplomats say there-appears to have been e change of heart about a fortnight ago

China accepts Vietnamese refugees from Hong Kong

By John Elliett in Hong Kong

HONG KONG yesterday repatriated 88 Vietnamese refugees to mainland China. They gees to mainland China, They are among nearly 950 Vietnamese people who originally fled to China, where they were accepted for permanent settlement, but last year entered Hong Kong in search of a higher standard of living.

China is haing uroud by

China is being urged by Hong Kong to take more of them back, possibly accepting them as soon as they are detected crossing the border into Hong Kong as happens with illegal Chinese immi-

grants.
The repatriation illustrates

US visa debate to giving up set to resurface claim to Taba over Arafat trip By Andrew Whitley in By Our Foreign Staff

MR YASSIR ARAFAT, leader of the Palestine Liberation Organisation, has been asked to speak in the US and the invitation again presents the anthorities with the problem over whether to grant him a visa.

over whether to grant him a visa.

He has accepted an invitation to address an Arab-American convention in Washington in April, and organiser Mr Abdeen Jahara, president of the American-Arab Anti-Discrimination Committee, has urged the Bush administration to grant a visa.

to grant a visa.
In November Mr George
Shultz, the US Secretary of State, rejected Mr Arafat's visa application when he sought to address the United Nations in New York on the grounds that he supported terrorism.

But last month the US ended a 13-year ban on negotiations with the PLO after Mr Arafat had renounced terrorism and recognised Israel's right to exist at a special UN session in

Mr Arafat might now be allowed to visit New York on UN business, but a trip to Washington could be bitterly opposed by pro-Israeli lobby-The State Department yes-terday declined to say whether

or heart about a forthight ago within the Prime Minister's office over how to handle the Taba issue. One possible factor may have been the realisation that Israel will need Egypt's co-operation if its own Middle East peace plans currently being hatched are to have any chance of success. The language of international business isn't English... it's the language of your customer.

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Roh expects early summit with N Korean leader

By Robin Pauley, Asia Editor

THE long slow thaw in relations between North and South Korea continued yesterday with President Ech Tae Woo predicting a enumit meeting with President Kim Il-Sung of North Korea "in the not too distant future".

Although the likelihood of

such a meeting - the first between leaders of the two Koreas - is growing, it does not mean the requirection of the divided country is any nearer. Such a prospect, dear to the hearts of all Koreans, seems to remain as dim and

distant as ever. President Roh and President Kim both have strong support - and possibly pres-sure - from their superpower allies to end their prolonged hostility and find a friendlier style of co-existence so as to remove one of the world's

worst remaining potential

North Kores, with an economic performance which lags well behind the spectacular success of the Sonth, would benefit greatly from an open-ing of trade and commercial

frontiers. This is probably part he said.
of what President Roh was In a referring to when he said North Korea "has a need" to

end the hostility.

President Roh said he was confident the increased contact between the two sides which has been under way intermittently during the past year, would soon bear fruit. "South and North Korea will

not only open an avenue for exchanges and trade but also hold a summit to make epochmaking advances towards solving the Korean question,"

In a conciliatory gesture this week the Seoul Govern-ment said it planned to revise its school textbooks to rid them of hostile propaganda and "foster a view of the

Northerners as compatriots".
On Monday, North Korea agreed to hold border talks next month aimed at setting up an unprecedented meeting between their prime ministers to discuss easing political and military tensions. And yester-day senior US and South and North Korean military officers

held secret talks in what Seoul officials said was a hid to fix an agenda for reducing ten-sions along the North-South

border. President Roh, however, has President Roh, however, has rejected Pyongyang's repeated call for the withdrawal of more than 40,000 US troops stationed in the South, citing North Korea's military superiority over South Korea. "US forces in South Korea will remain at least at the present level until peace and stability on the Korean peninsula is guaranteed systematically."

refuses to resign as MP, yester-day attacked the Harms com-

mission for the way it carried ont the investigation and hinted that he had kept quiet to protect other political fig-

tres.

The revelations of corruption in the homelands are the latest in a series of financial scandals which have emerged in recent months. Most involve bribery, misuse of investment incentives and illegal profiteering from financial rand "round-tripping". The latter involves taking advantage illegally of the 40 per cent discount between the financial and commercial rand. These and other fraudulent activities have

fraudulent activities have revealed laxity by the Reserve Bank and allegations of politi-cal and bureaucratic complic-ity.

cut to 4.7% in New Zealand

Inflation

By Dal Hayward in

NEW ZEALAND'S inflation NEW ZEALAND'S inflation rate for 1988 of 4.7 per cent is the lowest for 20 years except for a Government-imposed price freeze of 1983-84. The inflation rate has fallen steadily since it peaked at just below 19 per cent in June 1987 and it is less than half the figure of one year are.

and it is less than had the fig-ure of one year ago.

Mr David Caygill, the Finance Minister, said the Gov-ernment would not let up on its drive to get inflation down to between zero and 2 per cent by the 1990s but it was no lon-ger the priority. "We can make unemployment and lower interest rates our first prior-

unemployment and lower interest rates our first priority," he said.

Mr Caygill called on banks and finance institutions to drop interest rates immediately. "These fell satisfactorily for most of last year but stuck in the last quarter. They should now start falling again," Mr Caygill said. He will be talking to bankers to express his concern

The consumer price index rose in the December quarter by 1, 2 per cent. It was fuelled by a 30 per cent jump in tele-

by a 30 per cent lump in tele-phone charges, higher house-hold rents and dearer ciga-rettes, vegetables, bread and milk while used cars, petrol and credit card charges fell sig-

nificantly.

Some wholesale interest rates fell immediately the financial market received the inflation figures. Government bond yields fell from 13.83 per bond yields fell from 13.83 per cent to 13.78 per cent. But trad-ing banks are still offering depositors 13 per cent for nine-month term deposits.

Mr Caygill is confident infla-tion will remain at less than 5 per cent for 1989. The lower level vindicated the Govern-ment's deregulation policies

nevel vindicated the Government's deregulation policies and these would not change, he said. No decision has yet been made on a possible increase in the Goods and Services Tax (VAT) this year — the tax now stands at 10 per

New Zealand's inflation is now either below or soon will be below three of its main trad-ing partners – Britain, Austra-lia and the US.

The Government has also

been largely successful in its efforts to restrict wage increases. Most of the 90 industrial wage agreements settled in the current round of bargaining have been for wage increases of between 3.5 per cent and 6.25 per cent with most around 4 per cent. Many unions have also accepted e longer period covered by the agreements.

Judges expose corruption in S Africa homelands

South Africa and lead to a review of incentives used to attract foreign investment. The Alexander commission inquiry into "cross-horder irregularities" relating mainly to South African investment in

to South African investment in the Transkei was set up after the military coup which toppled Chief George Matanzima two years ago. He was replaced by a military government headed by Gen Bantu Holomiss which has pledged to stamp out corruption and has co-operated with the commission.

A principal aim of the

By Andrew Whitley in Jerusalem

MR YITZHAK RABIN, the

Israeli Defence Minister, responding to right-wing pres-sure for a crackdown on the

13-month-old Palestinian uprising in the occupled terri-tories, yesterday declared a

"war against stones".

Speaking to a gathering of
Jewish fundraisers in Jerusa-

lem, the Defence Minister appeared to contradict recent

pessimistic remarks by senior

SEVERAL months of investigations by senior judges have revealed widespread corruption in the South African "independent" homelands of the Ciskei and Transkei. The findings could have serious political consequences inside South Africa and lead to a south Africa and lead to a homeland. sive gambling rights in the homeland.

In an affidavit yesterday Mr
Kerzner admitted that "under
undue pressure from the then
Prime Minister George Matanzima R2m (£480,000). . . was to
my knowledge paid into an
account for the ultimate benefit of the Prime Minister".

In a lengthy press statement
Sun International, which owns
and manages a string of resorts
and gambling casinos both in
the howelands and neighbouring states euch as Lesotho, ing states euch as Lesotho,

Swaziland and Botswana and

the islands of Mauritins, Sey-

"relatively normal life" to the

to five years for stone throw-

ers, the confiscation of prop-erty, and heavy fines for the parents of children involved in

acts of violence. Mr Yitzhak Shamir, the

Prime Minister, meanwhile,

Among punishments outlined over the past 24 hours are: stiffer jail sentences of up

chelles and the Comores, justi-fied the payment as "not illegal under South African law". It further claimed that "the circumstances under which the payment was exected amounted to at least commercial extortion on the part of the then corrupt regime in the Transker.

Transkel".

Meanwhile, the perallel investigation into corruption in the Ciskel by Justice Louis Harms has just issued a report which is potentially embarrassing to the ruling National

Party.

The commission found that Mr Peet de Pontes, the NP member of parliament for East London had used his political influence to obtain Ciskeian citizenship for Mr Vito Palzzzolo, an Italian citizen currently serving a jail sentence rently serving a jail sentence

Israeli defence minister declares 'war against stones'

worst clashes. To his evident surprise, Mr Shamir was greeted with officers' com-

plaints about low morale and what they said was their own

deteriorating level of perfor-

As the ratchet of violence

and repression is pushed up another notch, the army has released statistics confirming

that the past month was the



wounded during the period.

What the official figures dis-guise is the very sharp increase in fatalities in recent

increase in fatalities in recent days. Another three teenagers died yesterday - two from wonnde snifered earli-er - bringing to 13 the num-ber killed since Thursday. This casualty rate can now be expected to climb still fur-ther, since the relaxation of

ther, since the relaxation of guidelines on the use of con-

troversial plastic bullets

in Switzerland for "laundering" illegal drug money. Mr de Pontes, who hes been euspended from the NP but

mission has been granted to fire at the backs of escaping demonstrators thought to have thrown stones.

According to the state radio, troops have also started using a new type of rubber bullet said to be both more accurate and more harmful. Hospital officials said that among those injured by rabber bullets during demonstrations in the Gaza Strip yesterday was a four-year-old boy, shot in the

paid an unexpected visit to troops in the West Bank city of Nahlus, scene of some of the bloodiest since the unrest began. It said 26 Palestinians were killed and nearly 500 army officers, saying the Gov-ernment's goal was to restore Demand strengthens for electoral reform

By Laura Blumerseld in Jerusalam

the Israeli press revealed that 81 per cent of Israel's voting public, a far higher proportion than ever before, is so dis-gusted by the country's politiimmediate electoral reform.
The concern has spread to
the Knesset, Israel'e parlia-

ment, where several private member bills on this subject will be tabled in the coming weeks. How much backing they receive from the two main they receive from the two main party's leaders should be an acid test of that most difficult of tasks: an inefficient body's reform of itself.

Critical support for a change has come from Mr Yitzhak Shamir, the Prime Minister and Likud leader. He has traditionally opposed altering

tionally opposed altering Israel'a electoral system for fear of weakening the small right-wing parties with which Likud has been allied, but he has now endorsed changes which would lead to the direct popular election of the Prime Minister and the creation of district constituencies.

There have been dozens of failed attempts at changing the

A POLL published last week in country's electoral system in the last 40 years. Yet since the November general election, followed by what Mr Shamir described as 52 days of "intolerable" coalition negotiations, and the public have created an atmosphere for change, and electoral reform has been included in the written policy guidelines of the broad coalition formed last month.

As in previous elections, nei-ther Liknd nor Labour achieved the absolute majority necessary to form a govern-ment. Party platforms fell by the wayside as both scrambled for the crucial support of the small religious parties which had enatched 18 of the 120 Knesset seats.

Angered secular Israelis termed the concessions on offer "religions extortion". More than 20,000 people thronged to Tel Aviv's Kings of Israel Square to demand a change in a system that grants a relatively small minority the power of shaping policy beyond their electoral strength. Despite the steady rain, it was the largest demonstration since the Lebanon

Mr Amnon Rubinstein, a veteran advocate of electoral reform who heads the new Centre Party, spoke for many Israel there is the rule of the minority. Don't sell our basic rights to religious functionaries to form coalitions."

Israel has a slate eystem whereby voters cast their ballots for complete party lists rather than for individual candidates. Mandates are assigned to each party in exact propor-tion to the public's distribution of votes. The system was designed almost 60 years ago by the National Council, the pre-Jewish state governing body, at a time when many European countries had simi-

The slate system fails to provide a direct connection between the voters and their candidate as they are elected neither in regional elections nor personal contests. A parlia-mentarian is therefore not answerable to his constituents but to his party's central com-

A central flaw in the system is that just 1 per cent of the popular vote entities a party to a seat in the government. This allows small parties with extremist ideologies a voice in eovernment. Had the threshold been higher in the 1984 elections, for instance, Mr Meir Kahane, the far-right Kach party leader, would not have made it to the Knesset.

made if to the Knesset.

The very low threshold promotes such a diversity of interests – there are 15 parties in the current Parliament – that every one of Israel'e governments has had to be formed through coalitions. As a result, the sociological and ideological peculiarities, which fragment peculiarities which fragment israeli society are brought to the top of its political system. So many deals are struck to So many deals are struck to patch together a coalitim that a government is robbed of political decisiveness. A narrow government, always in danger of being overthrown, will not take a clear stand for fear of alienating one of its factions. Broad-based governments have suffered a different kind of impotence, as displayed by the tendency of Likud and

Labour policies to cancel each other out during the 1984-88 National Unity Government. Over the years, proposals to remedy Israel's electoral ills have been discussed periodi-cally. Last June, parliament passed the first reading of a draft bill based on two propos-als aimed at shifting the system away from national slates and towards geographical dis-

tricts.

Some Israeli analysts believe, however, that the recent flurry of words politicians have dedicated to electoral reform has been merely an exercise to placate a badly shaken post-election public.

Now that the immediate crisis of forming a government has been resolved, there will be foot-drawing among those who

foot-dragging among those who have publicly supported the idea, and especially among those who fear they may be marching to their own political funerals. In a country where political reform is done in e piecemeal fashion as emergen-cies arise, the electorate may have e while longer to wait before the system is given a thorough overhaul.

Malaysia reduces its external debt

Malaysia has reduced its external debt to Ringgit 46.7bn (£9.7bn) at the end of 1988 from Ringgits 50.9 bn et the end of

Inggis 50.9 in et the end of 1987, according to Mr Zain Azrai, Secretary General of the Treasury, AP-DJ reports from Kuala Lumpur. Mr Zain told a joint Associa-tion of South-east Asian Nations-United Nations Devel-Nations-United Nations Development Fund seminar here Monday that some of the debts had been paid off by local borrowings. Appreciation of leading currencies against the ringgit prompted the Government to pre-pay some of the costly external loans, he said.

Ghana looks to private sector in quest for growth

William Keeling, in Accra, reports on plans to divest state-owned enterprises

N THE mid-1970s Labadi
Beach was a rubbish dump
Littered with ripped tyres
and broken bottles. A private
entrepreneur saw potential in
the site, cleared the rubbish,
built a wooden pavilion and
opened a small-time beach bar.
The State Hotel Corporation
decided to get in on the act and
began to build the Labadi Pleasure Beach Complex.

sure Beach Complex.

The spot still attracts people out for a Sunday afternoon stroll, but the early dreams of the private businessmen and the state are unfulfilled. The former gave up in disgust in 1979 when a soldier decided he did not like the price of a beef-burger and brought along his armoured unit to add force to the complaint. His legacy is an eerie ruin of concrete huts, their corrugated roofs turned green with decay.

Entering the seventh year of its Economic Recovery Programme, the government of Flt-Lieut Jerry Rawlings has decided to come to terms with the public sector and the par-lous state of private invest-

In a remarkable turnround. Ghana has achieved 5 per cent growth of gross domestic prod-uct (GDP) in each of the past five years but this is threatened by the continued burden of the state owned enterprises (SOEs). The Labadi Pleasure Beach Complex is just one of 235 enterprises which the state owns or has a majority stake.

In a recent review, the Government identified a mere 21 as meriting their continued support. Of the remaining, 11 have been liquidated, 32 have been

ernment identified a mere 21 as meriting their continued support. Of the remaining, 11 have been liquidated, 32 have been advertised for divestiture and all are up for negotiation.

A decade ago the SOE sector provided 60 per cent of all goods and services. The divestiture programme represents a recasting of political philosophy in the battle to revive the economy. There is a danger, however, that the manoeuvre will backfire. will backfire.

The Government is keen to embrace both foreign invest-ment and the potential Ghana-

the currency from exchange control and the legalisation of the black market through independent foreign exchange bureaux.

Although the scope of such competitive business-houses could be extended to allow share-brokerage, there are questions as to whether the level of expertise needed to orchestrate a stock market exists in the country. Last year, for instance, the Ghana

Institute of Accountants had only 240 members and the Accountant-General's Depart-Accountant-General's Department employed all but one of their number, the Accountant-General himself.

Cantion is a government byword, especially when there are donbts as to whether share-issues for the 32 SOEs

advertised would ever be sub-scribed to. Dr Ahmed, the Bank of Ghana's director of research, accepts the Govern-ment is committed to a stock exchange but rejects the idea that such companies could ever be associated with its creation. They would "bring into

question the credibility of the whole thing . . . you can't use weak companies as a nucleus, you won't get people putting money into companies which are dying," he said.

A stock exchange would need the flotation of concerns with attractive balance sheets, such as the breweries, United Africa Company and the tobacco firms.

The financial constraints of bringing the less attractive assets up to date may hinder investment. One example is the state-owned Ambassador Hotel in Accra. In September

There are questions

as to whether the level of expertise needed to orchestrate a stock market is available in the country. Last year the Ghana Institute of Accountants had 240 members and the Department of the Accountant-General employed all but one

this run down establishment acquired a new neighbour, a 200-room Novotel. The majority shareholders in the new competitor are public corporations. The Government had intended to sell the Ambassador, but by the current programment of the control of the control of the control of the control of the current of the control of the current its own move has indicated it is often simpler and cheaper to start again than to refurbish.

These fears have prompted These fears have prompted the Government to contemplate free trade zones to attract export-oriented manufacturers. The building of the Akosombo Dam in the 1960s provided Ghana with cheap electricity. There is certainly no shortage of labour. The SAP assessment of staffing resulted in cuts from state-owned corporations and the civil service.

Growing disenchantment with state ownership is reflected in the attitude of the reflected in the attitude of the TUC boss. Secretary-General A. K. Yankey, to private management: "If you get somebody ... who will get you work eight hours, 10 hours a day for your pay and you can get the correct pay so that you can live your own life, I don't think anybody will have objections".

Nobody would object if the Labadi Pleasure Beach Com-plex got off the ground; with luke-warm sodae the only refreshment on offer under the hot West African rain, parched mouthst agrees a second in mouths await a new surge in

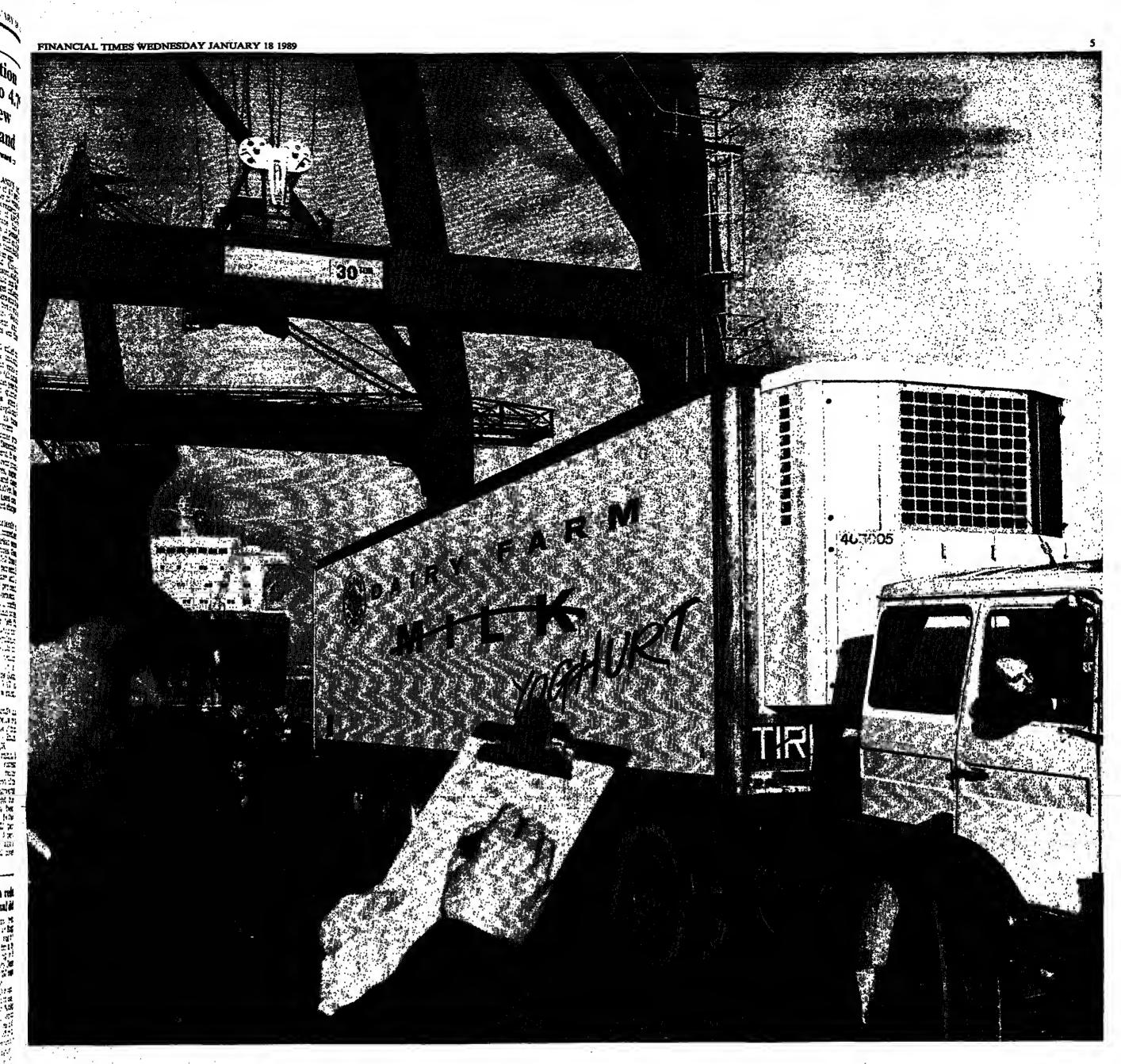


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AMERICAN NEWS

Peru paves

fresh talks

By Veronica Baruffati

MR CARLOS Rivas Davila, the

Mr Arjun Sengupta, special representative of IMF chief Mr Michel Camdessus, is under-

stood to have discussed possi-ble Peruvian approaches to the Fund in secret talks with Presi-

dent Garcia in Lima before

The IMF is now waiting for

formal letter from the Peru-vian Government outlining not

only economic strategy but how the IMF and World Bank were expected to assist.

Disagreements within the

Pernyian Government are thought to have delayed com-

position of the letter. The dis-

agreements centre on Presi-dent Garcia's reluctance to deal with the IMF, which he

has consistently branded as the chief villain in the interna-

tional financial community. It

would be a major political volte face for him to now deal

Mr Rivas is to present what he called a "politically and technically consistent eco-

nomic programme, approved by the Government" to the

international financial institu-

publicly with the IMF.

way for

on debt

Charges brought against Mexican musicians' leader

CHARGES have been brought against Mr Venustiano Lopez Rey, until recently the musicians' leader in Mexico City, in a significant move against corruption in the trade

The charges, brought by the Federal Attorney General, include stockpiling weapons, diversion of union funds, nnexplained wealth, threatening behaviour, damage to property and homicide, according to the union's lawyer. He is being held under armed guard in the union's offices.

Mr Lopez was generally thought to be untouchable, although he is a smaller union baron than Mr Joaquin Hernandez Galicia, known as La Quina, the petroleum workers leader arrested last

The musicians' leader was

BRAZIL'S President Jose Sarney will visit Angola this

month to offer his country's

shelp to rebuilding the war-rav-aged African nation, the for-eign ministry said yesterday, AP reports from Brasilia. The two-day visit, starting January 27 is the first visit ever by a Brazilian head of

state to Angola, the ministry

Angola and Brazil are former colonies of Portugal and impor-

tant trade partners.

President Sarney's visit will

be "eminently political," Mr

Luiz Felipe Lampreia, the min-istry's under secretary for bilateral political affairs, said.

President Samey is to discuss Brazil's African policy with Angolan President Jose

Eduardo dos Santos and sign a joint statement at the end of

A Brazilian general heads a United Nations team that will

supervise the withdrawal of

50,000 Cuban troops from Angola, which recently signed a peace treaty with South

Brazil, which sells food, cars

and farm machinery to Angola

and is helping to build a hydro-

the visit, Mr Lampreia said.

Sarney to offer aid

during Angola visit

the 3,000 members of the musicians' union branch in Mexico City accused him of enriching himself at the umion's expense.

He was responsible for an ttempt last November by fellow members of his union. which is affiliated to the dominant Confederation of Mexican Workers, to evict forcibly musicians belonging to the rival Revolutionary Confederation of Workers and Campesions. Shooting broke out which led to an unknown number of deaths and 180

An investigation of Mr Lopez's accounts with Bancomer, one of the big three Mexican banks, is said to have revealed assets worth billions

of pesos. Yesterday an independent Mexican dally newspaper reported that Mr Enrique Alvarez Castillo, the Federal removed from office just over a Afvarez Castillo, the Federal month ago after a majority of Attorney General, was

electric dam, wants to expand its interests in the country, Mr

Brazilian companies want to

help rebuild telephone and electric power networks, increase food sales and sell

comotives and railroad cars,

Among the companies inter-

ested in expanding operations in Angola are Volkswagen's Brazilian subsidiary and Bras-

petro, the overseas subsidiary of Brazil's state oil monopoly

Petrobras, he said. Brazil also wanted to collab

orate with Angola in public health, literacy and farm devel-

Angola buys 25 per cent of Brazilian exports to Africa and

is Brazil's most important recipient of Brazillan credit. The African nation has received \$1.1bn in loans, which it pays for with 20,000 barrels of petroleum a day, Mr Lammarana and

preia said. Bilateral trade has increased

from \$250m dollars a year in 1985 to more than \$1bn today, Angolan Ambassador Fran-

cisco Romao said in a recent interview with the government

news agency Radiobras.

Lampreia said.

he said.

appealing to the US authorities to freeze deposits held by "La Quina", Mr Salvador Baragan, the former Secretary General of the oil workers' union, Mr José Cruz Contreras, another former union leader, and Mr Sergio Bolanos, who acted for the business interests of the oil

They are said to have amassed \$3.2bn to New York to Chase Manhattan Bank and the First National City Bank. Amid deep dissension in the olimen's union over the detention of "La Quina" and 43 other top union officials, the Government says that it recognises Mr José Melendez Marnato as interim Secretary-General until elections are held.

workers' union and "La

In effect Mr Arsenio Farrell, Minister of Labour, rejected the choice at a union meeting last week of Mr Ricardo Camero Cardiel.

Candidate in Argentine debt freeze plan

MR Carlos Menem, a presidential candidate and Argentina's most powerful labour group yesterday agreed that Mr Menem should seek a five year suspension on the country's \$55m foreign debt if he wins May'a presidential election, Reuter reports from

Buenos Aires.
A statement issued after the meeting between Mr Menem, a Peronist, and Mr Saul Ubal-dini, Secretary General of the General Labour Confederation (CGT), said that the Govern-ment should negotiate an greement with creditors on a live-year grace period during which all payments on the debi would be suspended. Mr Menem is currently leading Mr

Eduardo Angeloz, the govern-ing Radical Party's candidate, in public opinion polls. "During this period the funds which should have gone to pay the services [on the debt] would be destined to reactivate national produc-

Mr Luis Heysen, president of the bicameral budget commit-tee, sounded optimistic at the tion," the statement read.
"To achieve this, agreement should be reached with crediairport when he said. "I am tors that during this period not a single dollar should leave the country to pay interest or capisure this economic programme will guarantee us success, but it will take at least six months before any credit is awarded."

tions

Buoyant economy fails to swing Jamaican voters

AMAICAN voters have the habit - clearly annoying to incumbent politicians - of not giving any party more than two consecutive terms in office. Mr Edward Seaga, the island's prime min-ister, says he intends to break this cycle.

Peruvian Finance Minister, has begun soundings in Washington on how Peru can mend its But Mr Seaga, an MP for 26 years and prime minister since 1980, could be forgiven if he concluded that the lot of a poli-tician in Jamaica is a thank-less one. Over the past four fences with the international financial community. Peru has accumulated arrears of close to \$6bn (£3.4bn) on its foreign debt and its performance has made it meligible for funds from both the interyears he has managed to put the island's wayward economy on an even keel, ending a national Monetary Fund and the World Bank.
The contacts are being made

decade of stagnation. Yet according to opinion polls, the prime minister faces a heavy defeat in the general election which he has called via Mr Enrique Iglesias, the president of the Inter-Ameri-can Development Bank (IADB), the one institution President for February 9. Unless there is Alan Garcia's government has sought to placate since he initia late and massive swing of voter sentiment in the next formight, Mr Seaga's conserva-tive Jamaica Labour Party will ated his aggressive stand on Peru's foreign debt three and a half years ago.
Mr Rivas is understood to be be replaced by the social demo-crat People's National Party, relying on Mr Iglesias to pave the way for meetings with both the IMF and the World Bank.

led by Mr Michael Manley, a former prime minister. "Mr Seaga has turned the economy around and has won many points for doing it," said one leading Kingston businessman who admits to being a strong supporter of Labour. "But if the polls are correct, he has won the economic battle and lost the electral war."

The economy of the island of The economy of the island of 23m people, based on tourism, bauxite, sugar, bananas and light manufacturing, grew by 3 per cent in 1986, 5.5 per cent in 1987, and by the same rate again last year, until the country was hit by a devastating hurricane. Despite this, Mr Seaga is predicting continued growth.

But Jamaica's poor, who will effectively determine Mr Seaga's political future next month, appear unimpressed. Although there has been a reduction of inflation to a single digit, and a fall in unem-ployment, Mr Seaga's efforts to reduce government expendi-ture and cut the fiscal deficit, with backing from the Interna-tional Monetary Fund and the World Bank, have left the island's social services in disar-

Public education and health have suffered from the cutbacks, and there has been a defection of teachers, doctors and nurses unhappy with sala-ries and other working condi-

The forecasts of continued

But party political violence is never far below the surface in Jamaica, where zealots have

Polls show Edward Seaga (below) facing heavy defeat, says Canute James

growth with little dislocation have been dismissed by the PNP, which has warned that there is grave economic trou-ble ahead. There are already signs of a increasing shortages of foreign exchange," said one senior official. "Prices are already rising rapidly because of scarcity of many products in the wake of the storm. There are signs that the Jamaican dollar will come under severe pressure in the new year. Jamaica will not avoid these

problems by pretending that they do not exist." Next month's election will be different in two respects from previous electoral contests in Jamaica. In the last contested election in 1980 (the PNP boy-cotted a snap poll called by Mr Seaga in 1983 because of differences over the state of the electoral register) about 600 people were killed in incidents related to party political violence. Mr Seaga and Mr Manley have agreed a code of behaviour for candidates and their often over-enthusiastic supporters, intended to reduce the chance of party political violence.

in the past used party alle-giance as reason for brutal crusades. Jamaicans are keeping their fingers crossed that this time around the violence will be contained. Recent skirmishes on the fringes of politi-cal rallies have left many messy. Government economic planners, and those in the opposition who may have to deal with it after the election, are concerned that outbreaks of violence could seriously damage fickle tourism and concernantly among the accommunity

sequently wreck the economy.

The current campaign will contain little of the ideological contain little of the ideological bombast of previous elections. Mr Manley was once regarded by Mr Seaga and Washington as, at best, a crypto-communist because of his links with neighbouring Cuba. But be has suppressed the militant left of his party after confrontations. his party after confrontations not unlike those between the British Labour party and Mili-tant Tendency. With frequent visits to Washington, Mr Manley seems to have convinced even the more conservative elements in the corridors of infinence that he does not represent a threat to US interests in the Caribbean.

There now appears little con-cern in Washington, and among the Jamaican elector-ate, at Mr Manley's intention, if reelected, to reopen diplo-matic relations with Havana which were severed by Mr

In a tacit admission of his perceived failings, Mr Seaga is offering, if re-elected, a \$1.3hm programme to rebuild social services. The prime minister has argued that the economy had to be mended before ser-vices such as health and education could be properly

For his part, Mr Manley is offering a more moderate face than that of the 1970s when the nation's coffers ran dry amid bitter public rows with the IMF over conditions for new cred-its, and when relations with local business and Washington became temions. But the differences have narrowed, if only because the options for either Labour or the PNP are few. and similar. With a foreign debt of \$400, the servicing of which eats up 45 per cent of foreign earnings, next month's winner will be forced to do more of the same — sell more handle to the same — sell more of the same — sell more of the same — sell more handle to the same — sell more of the s banrite, sugar, bananas and garments, and encourage more

Boeing reveals faults on 757s

By James Bushen in New York

FAULTY fire-control systems have been found in the cargo holds of seven Boetog 757 alucraft, the medium-bank airline in wide use in the US and in the European charter by Boeing, the Scattle-based company which is the world's largest maker of commercial aircraft, said yesterday that urgent tests on most of the world's ficet of 204 operating 757s in the past four days had turned up five aircraft with faulty wiring on fire extin-guishers in their baggage con-

partments. Belta, the US carrier, added yesterday that it had found and corrected similar problems on two more of its fleet of 41 7579

The tests, which were ordered by the US Federal Aviation Administration on Friday night, were partly a response to a new anxiety about potential wiring problems, after a British Midland Roeing 737 afteraft crashed near Kegwerth, Leicestershire,

near Kegworth, Leicestershire, on January 7.

There has been unconiation that a wiring problem could have caused the aircraft's crew to shut down an engine in error. Subsequent checks on the 787 fleet laws found no evidence of faulty wiring.

Mr Fred Farrar, of the FAA, said the Administration had ordered a check on all 757s on

ordered a check on all 757s on Friday, after it received reports of had whing on one aircraft each at Royal Brunel Airlines and Delta Air

Lines. "In two instances, fire exisguishing systems were cross-wired," he said. "If the crew had warning of a fire in the forward held, they'd push a button to activate the extinguisher and the aft hold extinguisher would go off."
The FAA set airlines a 72-

hour deadline to check the problem and repair it.

A similar check was ordered by the UK's Civil Aviation Anthority on Saturday.
In addition to the three aircraft at Delta and one at Boyal

Brunel, by yesterday after-noon the checks had found problems at two aircraft owned by Air Holland and one by Air 2000, a UK charter

WORLD TRADE NEWS

Secretive Libyans build oil export bridges

Downstream purchases are the key to a new investment strategy, says Tony Walker

drive to extend its commercial interests abroad.

The incorporation last year of the Libyan Oil Investments international Company (OilC) with a brief to extend Libya's downstream interests in Europe was a further sign of a new and more aggressive approach to overseas investment.

Libya's investments abroad are overseen by the secretive Libyan Foreign Investment Company (Lafico), which main-Company (Laico), which maintains offices in Rome. Mr
Mohammed Naas, head of the
Rome office, declined several
requests for an interview.

"They are clever, very
clever, and they are cunning,"
said an Italian businessman in
Tripoli familiar with Libya's
investment strategy. Lafico's

investment strategy, Lafico's sale in 1986 for \$3.1bm of Libya's 15 per cent stake in Fiat - purchased in 1976 for \$400m - has given the Libyard of the complex of the comp

ans a sizeable war chest.

The story may be apocryphal, but it is said that Libya insisted the proceeds from the sale be paid directly into Swiss banks. The Libyans feared that Italian companies who were owed money for projects in Libya would try to seize the funds.

The visit to Haly late lest year of Major Abdel-Salem Jai-

IBYA'S apparent newly-developed interest in restoring and improving relations with its neighbours and with Europe is being accompanied by a determined drive to extend its commercial interests observed in the commercial interests in was seen as part of Libyan number two, was seen as part of Libyan number two, was seen as part of Libya's attempts to build bridges to the consideration of the US attack on the commercial interests in the commer

Libya's main downstream asset is Tamoil Italia in which the Libyan Arab Foreign Bank the Libyan Arab Foreign Bank has a 74.68 per cent interest. LAFB's purchase of Tamoll for a reported \$100m from Roger Tamraz, the Lebanese financier, was approved in March 1986. Mr Tamraz's Luxembourg-based First Arabian Corporation had acquired the company, previously owned by the Italian subsidiary of America's Amoco, in 1983 for \$263m. Assets included a 105,000 barrels per day (b/d) refinery in Cremona and 900 retail petrol outlets in northern Italy.

The company had suffered

outlets in northern Italy.

The company had suffered snbstantial losses in 1985. Under the new management it returned small profits of \$2.4m in 1986 and \$3.7m in 1987. Results for 1988 have not yet been published, but are expected to show further improvement.

ment.
Tamoil wasted little time Italy, acquiring 755 former Tex-aco petrol stations in 1967 from a wholly-owned subsidiary of Fintermica, an Italian holding

In early 1988, Tamoil acquired an additional distribution network in Calabria,

bought a 50 per cent share of FA Petroli, an oil products trading company which owns a

trading company which owns a large and modern bulk plant connected by pipeline to Tamoil's refinery in Cremons.

At the end of 1987 Tamoil claimed 4.2 per cent of the total petroleum products market in Italy. This marked a 28 per cent increase over the year before and stamped Tamoil as the fastest-growing retailing company to an Italian market dominated by Agip.

An Italian oil industry representative said that in their decision to establish OilC, the Libyans had clearly been influenced by the Kuwaitis. OilC is a replica of the London based

a replica of the London based Knwait Petroleum interna-Knwait Petroleum international (KPO) which has moved
aggressively into the retailing
and distribution of petroleum
products in the UK and elsewhere in Europe. Mr
Mohammed Abdul Jawad, a
well regarded former head of
the LAFB and chairman of
Tamoil, has been put in charge
of OHC. His brief is almost certainly to extend Libya's retailing and distribution interests ing and distribution interests

throughout Europe.

Late last year it was reported that OHC had acquired a major share, possibly as much as 50 per cent, in the Hamburg based Holburn Europe Raffinerie owned by the Coastal Corporation of Houston. The US company had purchased Esso Europe's stake in 1987. The Hamburg refinery has a capacity of about 100,000

b/d, storage facilities for 1.65m barrels of refined products and 4.8m barrels of crude. Libya is reported to be ready to supply

reported to be ready to supply 75,000 b/d of crude to its new acquisition.

Libya's interest in building a distribution network in Rucope — and rapidly — is partly attributable to a desire to ensure reliable outlets for its oil amid continuing US sanctions on imports of Libyan crude. There have been unconfirmed reports of Libyan interest in acquiring a Spanish refinery and retail network.

Libya's expanding commercial interests in Europe-coincide with a policy of limited economic liberalisation at home and signs of a quickening of activity to the oil sector. The giant offshore Bouri field

ing of activity to the oil sector. The giant offshore Bouri field 75 miles north-west of Tripoli, was brought onstream by Agip and Libya's National Oil Corporation late last year, and the NOC has recently signed new exploration agreements with Royal Dutch/Shell and Montedison of Italy under a revised and more generous formula.

Both are seen as highly positive developments by Western oil companies. Large oil reserves — to 1985 they were conservatively estimated at 22.8bn barrels — and the promise of further contracting business if and when the oil price firms continues to make

brice firms continues to make Libya an attractive target for Western business. But serious problems remain over the non-payment of debts to foreign

contractors and suppliers.

Libya pursues a fairly haphazard approach to settling its
debts in bartered off. According to one Western official it
has been providing 120,000 b/d
to the Soviets to service a \$4bm
military debt, and lesser
amounts to other East Bloc
countries and South Korea.

A dispute continues with
Italian companies, Libya's
main Western creditors, which

Italian companies, Libya's main Western creditors, which are owed about \$400m. An agreement to pay the debt in oil collapsed in April 1987 over a price dispute.

Western businessmen in the Libyan capital said that while there had been a pick-up in activity in the oil sector, business was generally flat. They expected this to continue until oil prices firmed, but they also pointed out that Libya had completed many of its hig planned infrastructure projects.

Jects.
According to the IMF, Libya's foreign exchange reserves stand at about \$5.5m. Gold reserves total some \$25m. Foreign debt is about \$77m, more than half owed to the Soviet Union. Compared with almost all its neighbours, Libya's financial position is sound.

sound.
The Libyans, with the proceeds from their Fiat sale apparently barely ntilised, have plenty of cash for new ventures. Judging by past per-formance they can be expected to make should use of these to make shrewd use of these

\$128m New Zealand order

BAe gains

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE has won a NZ\$200m (\$128m) order from Ansett New Zealand for five BAe 146-300 four-engined regional jet airliners, bringing its fleet of 146s to seven air-craft. The airline ordered two Series 200 aircraft from BAe

three months ago.

The deal brings total orders by the TNT/Ansett group for BAe 146s in various versions to 35 aircraft, inclinding earlier orders by Ansett Western Aus-tralia, Ansett Air Freight and TNT itself.

It also brings total firm orders from all sources for the BAe 146 to 150 aircraft. Together with options and other commitments the figure rises to more than 200 aircraft. Announcing the Ansett New Zealand deal, Mr John Buch-Zeatand deat, Mr John Buch-anan, chief executive, said the arrine was standardising its operations around the 148, and disposing of its current twin-engined aircraft. The low noise levels of the 146 had been a major factor in the deci-sion.

sion.

• Malaysia Airlines has cadered three Boeing 747-460s. The value of the order is \$428m. All will be powered by General Electric CF6-80C2

engines.

Sterling Airways of Denmark has placed an order, worth \$150m, for three Bosing

Ankara signs power protocol By Jim Bodgener

THE Turkish Government yesterday signed a protocol with four Arab states for a feasibility study into a regional national electricity distribution grid. The protocol followed talks in Ankara between the energy ministers of Turkey, Iraq, Syria, Jordan, and Egypt. According to the terms, Turkey would supply surplus electricity in the summer to its neighbours further south, Last year, Turkey had a surplus of year, Turkey had a surplus of generating power because of reduced growth and an ambi-tions power station construc-tion programme.

Babcock wins £160m Iraqi power plant order *

IRAQ has ordered its biggest ever power station as part of its post-war reconstruction pro-

gramme.
The 1,800MW station, costing nearly 5500m (\$850m), will be built on the north bank of the Euphrates in Anbar province, about 140km north-west of the capital Baghdad.
Fuelled by heavy oil or gas, it will be built by a series of British, Italian and West German commander the

man companies under the supervision of Fichtner, the Stuttgart-based engineering

Stuttgart-based engineering consultancy.

Babcock Energy, one of Britan's leading boiler manufacturers, won the largest slice of the work with contracts worth £160m for the plant's six boilers and ancillary equipment. The contract for the turbine generators, believed to cost about £120m, went to Gruppo Industrie Elettromeccaniche

retwork.

Finance for nearly 85 per frag's pro-British monarchy in 1958.

will be covered by the UK Export Credits Guarantee Department under last November's protocol which set aside £200m to finance various Iraqi projects and general lines of credit. The remainder will be raised as commercial bank

Mr Autony Brown, Babcock Energy's commercial director, said the boller and other orders were particularly welcome in view of the continued blight on new large-scale power station construction in the UK.

The contract is the company's biggest overseas order for eight years.

Babcock will start work on the Iraqi orders later this year at its works at Renfrew, Scotland, recently modernised at a

It will help secure the jobs of the plant's 2,000 engineers and craftsmen over the next three

Industrie Elettromeccaniche (GHE) of Italy.

Electricity from the al-Anbar station, together with that from new 1,200MW plants currently being built at al-Shemal and al-Moussaib, will provide a major increase in capacity to Iraq's national power network

years.

Although not the biggest power station in the Arab world — Knwait has a 2,400MW oil-fired plant — al-Anbar will be the biggest in Iraq. It is also Babcock's first power station contract in that network

Turkey picks Lockheed-led consortium for airport deal By Jim Bodgener in Ankara

THE Turkish Government has selected a consortium led by the Lockheed Air Terminal of

the US for exclusive negotia-tions for a build-operate-trans-fer (BOT) contract to build an external lines terminal at istanbul's Ataturk Airport,
plus the development of an
associated world trade centre.
The total cost of the terminal
together with site development
for the trade centre is expected
to be \$700m to be \$700m.

The Lockheed group also includes the James T Lewis, of the US, Turkey's Raka, Kutiutas, and Alarko, and the Hilton hotel chain, which plans a hotel in the centre.

In the ranking after negotia-

tions last week, consortia led by British Airport Services and France's Société Auxiliare d'Entreprises took second and third places respectively.

The Lockheed consortium now enters a period of detailed negotiations. If they fall, the foreign investment department (FID) in the State Planning Organisation (SPO) will turn to the UK led group, which includes the UK's Comentation International and Turkish contractors Enka and Tekfan.

The critical part of the nego-

The critical part of the nego rise critical part of the negotiations — as with other BOT projects — will be over the fin ancing. The consortium's financial adviser is the UK's Standard Chartered.

HK hires advisers to fight dumping charges By John Elilott in Hong Kong

THE Hong Kong government along with others in Japan and announced last night that it South Korea, had dumped was hiring two European firms of advisers to help it fight European Community

dumping charges.

Mr Hamish Macleod,
Secretary for Trade, said Hong
Kong wanted to ensure that unjustified duties were not imposed, and that other industries in importing countries did not follow the EC and claim dumping dam

The EC announced on Monday it had started investigations into allegations that Hong Kong companies,

audio cassettes and tapes. Hong Kong is also being investigated by the EC over video tapes, colour belevisions

video tapes, colour televisions and photograph albums.

"We view these anti-dumping actions very seriously and will-be devoting considerable efforts and resources to combating any unfairness which emerges," said Mr Macleod.

The advisers being hired are Malmgren, Golt and Kingston, consultants of London, and Van Rael and Bellis, a Brussels

Van Bael and Bellis, a Brussels

Colony acts on copyright piracy By Our Hong Kong Correspondent

arrangements aimed at curbing counterfeiting and other forms of patent and copyright The colony's executive coun-

cil which acts as an advisory cabinet, yesterday approved plans which will be officially aunounced today. They include the creation of a new intellecthe creation of a new intellec-tual property department within the government's trade and industry department, headed by a senior specialist. New laws are also being planned to cover areas such as the registration of trade marks

HONG KONG is to increase its protection of intellectual property rights by strengthening legislation and administrative for services, based on a mixture of Australian and British legislation. Integrated circuits are to be protected as intellections. tual property once the World Intellectual Property Organisa-tion has proposed an interna-tional treaty.

A system of simplified

patents — or petty patents — which can be issued quickly is also likely to be introduced, along with a Hong Kong-based registration system for patents granted in centres such as the UK, US, Europe, China and Japan Common law on breaches of confidence, or trade secrets, is also likely to be codified

piracy makes it a world leader, despite the reputation of its street markets for selling fake watches and computer equip-The purpose of the new legis-lation will be partly to update existing laws. But Hong Kong also needs to localise its laws

clais say that action the colony

has taken in the past to curb counterfeiting and intellectual

in areas such as copyrights and patents, which are based on UK legislation, in readiness for China regaining sovereignly over the colony in 1997. Some of the plans will not be announced for several months, Hong Kong government offi- and working parties.

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Hostile future predicted for energy group

By Charles Leadbeater and Max Wilkinson

NATIONAL POWER, which will enceed the Central Electricity Generating Board after privatisation, faces a tough future with no friends in Government and few in the industry service memory and because and the contraction of the

eriment and new in the indus-try, senior managers will be told next week.

Mr John Baker, managing director of the CEGB and chief executive designate of National Power, is planning to tell the managers they must light for the interests of the company in a hostile world.

They will also face strong pressure on staffing levels and many jobs will disappear as staff are retrained or relocated. National Power is the larger of the two generating compa-nies which will be created when the CEGB is privatised. It will own 70 per cent of the power stations including the

nuclear reactors, and will compete with PowerGen and inde-pendent generators for the custom of supply companies which take over from the 12 area boards. In a draft of his keynote address to a top management meeting next Wednesday, Mr Baker says that in long negoti-ations about the reorganisation

of the industry, the CEGB has at best fought out a draw. "Have no doubt, the CEGB has no friends in Government. The Government will feel hap-ily vindicated if National

Power falls flat on its face," his

draft speech says.

"Have no doubts that the area boards are looking to set-tile several scores after what they see as decades of being kept under the CEGB's domi-neering and arrogant thumbs." neering and arrogant minings.
As a result, he says, there
will be tough competiton to
build new power stations,
which National Power will win only by being competitive.

His draft says that in the present financial year, a unit of electricity (a kWh) generated from fossil fuel costs on average 3.5p per kWh, of which 2p per kWh is fuel. A unclear unit costs 5p per kWh of which 2p is for the nuclear fuel color. for the nuclear fuel cyle.

But new plant in the relatively small capacity range of 100MW to 300MW is likely to generate at between 2.5p per kwh and 8p per kwh.

So, he says, the challenge to National Power will be to cut costs, cut costs and then cut costs again. It will also have to make a radical change in its philosophy. "The job isn't about shouldering national responsibilities, but about meeting contracts, improving profitability, about seeking out opportunities but only exploiting them if it pays to do so."

He says that outside that miclear sector, National Power is unlikely to fight a major planning inquiry, and he says that every power station will be established as a separate profit centre.

Nationwide to close 50 estate agents

By David Barchard

NATIONWIDE ANGLIA, the UK's third largest building society, is to shed up to 50 branches of its loss-making estate agency arm and make some 150 employees redundant. The closures mark the first retreat by a building society from the estate agency business and come as the downturn in the housing market is forcing other agencies to trim forcing other agencies to trim staff.

Nationwide Anglia plans to offset some of the closures by opening 10 new branches. The group had 510 branches before the announcement.

The closures will thin the group's presence in several parts of the country. Its branch network in Northern Ireland is to be cut from 17 to five, with 12 branches around Belfast being sold to staff in a manage-ment buy out. Other cuts are expected to

concentrate on the West of England and the Midlands. seven of its Scottish branches have already been shut. Nationwide Anglia began establishing an estate agency network at the end of 1986. The chain announced losses £3m in the financial year ending last April.

Water authority in first contested bid

By Andrew Hill

SOUTHERN Water Authority and its joint venture partner have launched the first con-tested takeover attempt in the uK's private water sector, out-bidding Compagnie Générals des Eaux, Franca's largest water supplier, for Folkestone and District Water Company. The bid, for a wirele see

first full bid for a private sec-tor company by a UK public utility, comes less than a week after the Government announced tough restrictions on water company mergers, and nine months before the probable flotation of the 10 water authorities.

The move could prove politically awkward for the Govern-ment and embarrassing for Mr Michael Howard, the minister responsible for piloting the Water Bill through the House of Commons, as Folkestone is part of his constituency.

Two days ago, Mr Howard wrote to water industry chiefs clarifying Government policy, in which he said separate own-ership of smaller water companies was not essential to competition in the sector.

Although the counter-bid

could be investigated by the Office of Fair Trading – which is already looking at the agreed French offer – it will not be referred automatically to the Monopolies and Mergers

Commission, because last Wednesday's changes in water industry policy do not apply to companies with assets of less than £30m, like Folkestone. Nor is Southern likely to

exceed Government limits on water authority funding by mounting the bid, because the £7.65m offer for Folkestone's voting stock - 40 per cent higher than the French bid - is being made through a pri-vate vehicle, the AIPF Water

The fund is a joint venture controlled by Associated Insur-ance Pension Fund, which belongs to Mr Duncan Saville, an investor in the sector who

an investor in the sector who is based in Sydney, Australia. It was set up to manage Southern and AIPFe big water company investments.

Both Folkestone and Générale des Eaux, which mounted its bid on December 12 through General Utilities, its UK subsidiary, said yesterday they were reviewing the situation, sidiary, said yesterday they were reviewing the situation, but the AIPF/Southern bid was immediately condemned by the Water Companies Association.

Of the 29 statutory water companies in the UK, which supply water alongside the 10 water authorities 14 have now

water authorities, 14 have now been subject to agreed hids. Background, Page 25. Brit-ish water company bids, Page

Cost of Trident programme 'falls 10% in real terms'

By David White, Defence Correspondent

THE FORECAST cost of Britain's future Trident nuclear deterrent, now put at £9.09bn, represents a saving of about 10 per cent in real terms on the original estimate made in 1962, according to figures provided yesterday by Mr George Younger, Defence Sec-

retary.

in a written House of Com-mons reply he said that the new estimate signified a £104m reduction in the cost of the programme over the last year, after allowing for inflation, and a £1.05bn cut since 1982. The figure compared with a current price forecast a year ago

This did not include the £784m which the Government £784m which the Government reckoned it had saved by deciding at the ontset to have Britain's US-supplied Trident missiles refurbished at the the US base at King's Bay, Georgia, rather than at the Coulport armaments depot in Scotland. Mr Younger visited the purpose-built US facility last week.

It was the third year running

It was the third year running that estimated costs, after allowance for inflation and exchange-rate changes, had been brought down. Mr Younger said the programme was on schedule to start com-ing into service in the mid-1990s and that there had been

The four submarines due to carry the Trident missiles, replacing the UK's current Polaris submarines, make up about a third of the total pro-

gramme cost.

Mr Younger said the expected UK share of the British Trident programme had risen to 68 per cent, its highest level yet. This compares with last year's UK content estimate of 64 per cent. Philip Stephens writes: The

Government is voicing increasing confidence that proposals to modernise the West'e short-range nuclear weapons will be endorsed at a full Nato summit in London during the summer.

Senior ministers believe that Mr George Bush, the incoming US President, will soon signal his willingness to upgrade to the level of heads of govern-ment the scheduled meeting of Nato foreign ministers in June. In parallel, the Government is planning a careful presentational exercise to deflect charges that a decision to replace the ageing Lance short-range nuclear missiles

would run counter to East-West arms reduction efforts.
The modernisation plan has already run into serious prob-lems in West Germany, where public opinion has been shown to be firmly opposed.

Mr Hans-Dietrich Genscher,
the Foraign Minister and
junior partner in the coalition
government, has also voiced opposition, but Britain has received assurances from Mr Helmut Kohl, the Chancellor, that Bonn will back modernisa

it is acknowledged in London, however, that Mr Mikhail Gorbachev's arms control initiatives have made it essential that public opinion in other Nato countries, juciluding British will have to be comp Britain, will have to be carefully prepared.

Ministers say that a decision to modernise short-range missiles would therefore be accompanied by promises of deep cuts in Nato's stock of nuclear artillery shalls. The move could then be presented as running with rather than against the grain of efforts to reduce the total numbers of nuclear weapons.

At the same time, Nato would point to the Warsaw Pact's significant superiority in numbers of short-rauge

nuclear weapons.

For Mrs Margaret Thatcher, the Prime Minister, a full Nato summit in London would serve to enhance the perception that her Government is playing a similar to the perception of the control of the con significant role in shaping East-West relations.

Supply of graduates falls behind demand

By David Thomas, Education Correspondent

It suggests the problems are likely to be most acute in the public sector, where there are already signs of difficulties in attracting enough graduates of the right calibre into both teaching and the civil service. Large graduate recruiters in the private sector are also under pressure, however. Some are responding by boosting graduate starting salaries, offering other perks such as relocation expenses and com-pany cars, and by intensifying their efforts in the annual

By David Churchill

spiral Ling demand for new graduates, coupled with almost static supply from universities and polytechnics, could pose severe problems for British employers this year, according to a survey of graduate employment in 1988 and 1989 published yesterday.

It supprests the problems are Food, Drink & Tillus Retail / Distribution Electronics / Comput Chemical & Allind . Construction.

pany cars, and by intensifying their efforts in the annual recruitment round, which is just about to start.

Average starting salaries for new graduates, excluding London and other allowances, increased by 3.4 per cent in 1988 to 59,300. Large employers 1988 to £9,300. Large employers London SE1 9SY. Price £75.

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pean merger rules being drawn up in Brussels, Mr Sydney Lip-worth, chairman of the MMC, said yesterday. Mr Lipworth, speaking on the publication of the commisted and independent body to carry out the investigation.

Independent merger body

for Europe advocated

sion's first annual review of its activities, said that "there was a strong case" for a separate investigatory body to report on cases of cross-border mergers.

enhanced power of the Euro-pean Commission's competi-tion policy directorate under

AN independent pan European body, similar to Britain's Monopolies and Mergers Commission, is needed to ensure importable in the par Evropean The EC competition director-integrated by would be significant. impartiality in the new Euro-

ate, DG IV, would be signifi-cantly strengthened to take on the responsibility for investigating those mergers which came within this criteria.

tion as happens in the UK and elsewhere in Europe," said Mr

Lipworth. In the UK the Office of Fair Trading advises the Trade and He believed that such a system would carb fears about the Industry Secretary whether or tem would carb fears about the not to refer the merger to the not to refer the merger to the MMC to determine the public interest involved.

the new rules.

The EC is proposing that it should pre-vet potentially anti-competitive cross-horder merg-Mr Lipworth said he believed

Bond renews pledge on Lonrho By Our Law Courts Correspondent

FIVE COMPANIES in the Australian group headed by Mr Alan Rond yesterday continued undertakings given to the High Court in London not to dispose of 95.02m shares in Lourho the international trading conglomerate, or of any interest in the group.

The undertakings will remain in force until full trial of Lonrho's action to freeze the shares because of the Bond companies' alleged failure to make full disclosure of their Lourho holdings under section 212 of the 1985 Companies Act.

The case will not be heard before July.

ACTION FOR 1992

Workshop London 1st & 2nd March 1989 EC Standards Environment & Worker Protection Market Opportunities Information & Taxation Speakers from Brussels, Germany, Luxembourg & U.K.

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ALLIANCE & LEICESTER BUILDING SOCIETY

TOP UK ACQUISITIONS IN THE US, 1988

US COMPANY

By Michael Donne, **Aerospace Correspondent**

INVESTIGATORS into the Pan American airliner disaster at Lockerbie on December 21 now know where the bomb that destroyed the Boeing 747 was

put on board. That became clear yesterday when Detective Chief Superintendent John Orr of the Scottish police, who is heading the police inquiry into the disaster said in Lockerbie that the investigators had identified the baggage container in which the

further on where the container originated or where on board it was placed. However, it is clear that because they know the container's identity, the investigators from the Department of Transport's Air Accidents Investigation Branch must also know where it originated - ei-ther at Heathrow or Frankfurt.

Securities body appoints complaints commissioner

By David Lascelles, Banking Editor

THE Securities Association, the self-regulatory body which oversees the UK securities industry, yesterday appointed a complaints commissioner to ensure that investors' grievances against its members are properly investigated.

Arbitration procedures are also to be set up, with a special scheme to handle disputes for

cial markets since their dere-gulation two years ago.

Although the regulatory sys-tem is backed by statute, it also draws heavily on self-regulation by the industry's practi-

The complaints commissioner is Sir Gordon Downey, former deputy head of the government think tank and Comptroller and Auditor General. He will be paid by the Securities Association, but will operate as the independent head of a complaints burean

arbitrator's award will be bind-

The complaints bureau will formalise work which is already being done by TSA complaints investigators. Last year, they handled 2,500

chief offers an insider's experience

challenge-hungry manager would pause for thought at the prospect of becoming chief executive of the National

By Alan Pike

Health Service.

Bunning a £20bn a year operation with 1m employees, 40,000 managers and supervisors and a host of professional groups on watch to resist any challenge to their antonomy would be daunting enough.

But when Mr Duncan Nicol becomes chief executive of the NHS management board on February 1, his task will be compounded because he will take over just es the Govern-ment inveils the biggest package of changes since the ser-vice was founded in 1948.

Mr Nicol, 47, has spent his career in the health service, entering as a graduate trainee in 1963. This contrasts with his predecessor Mr Len Peach, the IBM executive who is returning to his company after a three-year secondment to the NHS. Where Mr Peach worked to implement ideas from the private sector into the NES context, the new chief will operate from an insider's expe-

The importance of strengthing NHS management and efficiency will be central to the Government's forthcoming health care policy document. Since 1984, Mr Nicol has been getting to grips with such problems as general manager of Mersey Regional Health Anthority. His experience there offers a preview of how he is likely to approach his national role.

Mersey region is in many ways a microcosm of the NHS, serving a 2.4m population in an area ranging from inner-city Liverpool to the most affinent parts of Cheshire. It has 73 hospitals and 146 com-munity clinics and health centres and employs nearly 42,000.

The region contains 10 district authorities and Mr Nicol's approach has been to treat these as service-delivering subsidiaries of his regional authority. This has led to the regional authority's with-drawal from services which it

does not have to run itself, leaving it with time and resources to concentrate on a more strategic role.

Management of the Mersey Metropolitan Ambulance Service, for example, was handed the form of over to South Sefton district authority last year. The region's small market research unit has made an even cleaner break, out of the public sector and into an independent oper-

ation run by its staff.
Mr Nicol has also been determined to see that where the region has continued offering services - such as legal and computing - the district anthorities, which are its cus-tomers, must be free to choose

them or to go elsewhere.

Mersey contains its share of illustrations of co-operation between the public and private sectors, along lines which the Government is keen to encourage. At Crewe, for instance, a private lospital has been buit on NHS land and its management buys medical and support facilities from the NHS. Mr Nicol says that he did not arrive determined to establish ventures with the private sector, but has nothing against them if they bring benefits.

He says managers at Mersey did not seem clear about their priorities when he arrived. He targets to the 10 district managements, but left the local managers to decide how to meet them. This approach does mean

of course, that you must be able to recognise what a good result is — there is a good deal of selective bluffing in the ith service."

His efforts have been helped by the introduction of individual performance related pay, a monument to Mr Peach's era. Senior managers are set spe-cific, measureable targets and their performance appraisal and salaries are related to success in meeting them.
He outlines his approach to management thus: "Clarity of

purpose combined with freedom on how to deliver. Personal accountability and rewards for delivery. Building a team around individual As the Government's policy

paper is bound to stress, management dacisions must involve doctors as well as professional managers. Mr Nicol has devoted time to "climate setting" talks with doctors and has been keen to encourage doctors to spend time in management positions.
"I am not saying managers

should interfere with clinical decisions. But there is an interface between clinical antonomy and management legitimacy which has to be made to work in the interests of patients."

Summing up his time at Mersey, he says he has broken "But," he adds, "there is an iceberg out there."

Moves to complement City regulatory framework | New health | British company acquisitions in US grow to record \$33.5bn

UK ACQUIRER

Tale & Lyle

Pergamon Marks and Spe

THE VALUE of acquisitions by UK companies in the US last year reached a record \$33.5bn, according to London-based cor-porate finance adviser J.P. Mervis & Co. This is about 15 per cent above the correspond-

ing figure - \$29.2bn - for 1987. The Mervis total is slightly higher than the \$32.5bn calculated by The British-American Deal Review, a quarterly report published by investment bank-ing business Translink International Group. It compares with an estimated figure of only \$9hn spent by US companies on UK acquisitions in 1988. According to Mervis, the

number of acquisitions also rose sharply, from 314 to 425. In volume terms, the most significant activity came in the financial services sector (56 acquisitions), followed by elec-tronics and security hardware (55) and building/building materials (51).

In value terms, British com-

panies spent most money in the American food/beverages/agriculture sectors - with purchases totalling just over \$3bn. Mervis says that among the most active UK acquirers in the US were Maxwell Com-

\$1.770m \$1.480m Official Air. Guides

VALUE OF DEAL

35.78bm

AGB, both controlled by publisher Mr Robert Maxwell, services group RET, followed by

vices group BET, followed by Brakine House, Lucas Industries and Saatchi & Saatchi.

Mervis suggests that the US acquisition expenditure figure is almost 13 times larger than the sum spent by UK companies on European acquisitions. It also points out that the UK corporate expenditure on US It also points out that the UK corporate expenditure on US acquisitions remains significantly higher than that by French, German or Japanese groups — although it notes that Japan has been spending an increasing amount on US assets in recent years.

Most of the purchases by UK companies were financed in

companies were financed in cash. Of the \$33.5bn spent,

about 85 per cent represented cash deals, and the extent to which shares were used as a consideration halved during 1988. British companies have also shown an increasing willingness to become involved in hostile predatory action. Hos-tile bids amounted to \$16.65bm. compared with \$1.87bn in the

compared with \$1.87bn in the previous 12 months.

The other significant trend concerns the increasing number of disposals by UK companies of US assets. Some 80 sales were made last year for a total consideration of \$9.2bn compared with 63 (\$4.6bn) in the previous 12 months. More than one quarter of these represented pre-planned disposals resulting from a larger deal resulting from a larger deal

FLETCHER CHALLENGE FINANCE NETHERLANDS B.V.

Notice of Meeting

of the holders of the outstanding U.S. \$100.000.000

9%% Guaranteed Bonds Due 1993

FLETCHER CHALLENGE FINANCE NETHERLANDS B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the above Bonds (the "Bondholders") will be held at Linkdaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA on Thursday, 9th February, 1989 at 11.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution. The Meeting is convened in accordance with the provisions of a Fiscal Agency Agreement dated 19th March, 1986 between Fletcher Challenge Finance (Overseas) Ltd., Fletcher Challenge Limited (the "Guarantor"), Bankers Trust Company and others (as amended by a Supplemental Agreement) and added 17th March, 1988 between the eforesaid parties and Fletcher Challenge Finance Netherlands B.V. (the "Issuer") (the "Fiscal Agency Agreement") and in accordance with the provisions of the Deed of Trust (the "Deed of Trust") dated 19th March, 1996 made between the Guarantor and The Law Debenture Trust Corporation p.f.c. (the "Security Trustee") as trustee for the security for the Guarantees of the Bonds.

EXTRAORDINARY RESOLUTION EXTRACHDINARY RESOLUTION

THAT the holders of the U.S. \$100,000,000 944% Guaranteed Bonds Due 1993 (the "Bonds") of Fletcher Challenge Finance Netherlands B.V. (the "Issuer"] guaranteed by Fletcher Challenge Limited (the "Guarantor") hereby:
(a) consent to the cancellation, with effect from the Effective Date (as defined in the Supplemental Deed hereinafter mentioned), of the Security Stock now held as security for the Guarantees of the Bonds by The Law Debenture Trust Corporation p.l.c. (the "Security Trustee") as Trustee for the security for the Guarantees of the Bonds:

(b) consent to the substitution, with effect from the said Effective Date, of Fletcher Challenge Industries Limited for the Guarantor as guarantor of the Bonds:

Bonds;
(c) assent to the amendments, with effect from the said Effective Date, to the Bonds and the Terms and Conditions thereof and to the Guarantees of the Bonds and the Fiscal Agency Agreement relating to the Bonds which are set out in a Schedule to a form of Supplemental Deed produced to the Meeting and signed for Identification by the Chairman;
(d) authorise the Security Trustee and the Fiscal Agent and Paying Agents in relation to the Bonds to enter into and carry out the terms of a Supplemental Deed with the Issuer, the Guarantor and Fietcher Challenge Industries Limited in the form so produced to the Meeting with such amendments thereto as the Security Trustee, the Fiscal Agent and the Paying Agents may agree. Dated: 18th January, 1989 FLETCHER CHALLENGE FINANCE NETHERLANDS B.V. FLETCHER CHALLENGE LIMITED

EXPLANATORY STATEMENT

Proposed Discharge of Debenture Trust Deed
Fletcher Challenge Limited ("Fletcher Challenge") is presenting to its secured creditors a proposal for the discharge of its Debenture Trust Deed. The Debenture Trust Deed (dated 11th December, 1981, as amended) provides for the Issue by Fletcher Challenge of Security Stock as security for botrowings made by it or for its guarantees of borrowings by its subsidiaries, as well as the issue of Ordinary Stock. The outstanding Security Stock includes U.S. \$120,000,000 nominal value Security Stock issued as security for Fletcher Challenge's Guarantees of the Bonds. The Debenture Trust Deed The Debenture Trust Deed

ne Departure Trust Deed contains, for the benefit of the holders of the Stock issued thereunder:

floating charges given by Fletcher Challenge and certain of its subsidiaries (the Charging Subsidiaries) of all of their undertaiding and assets guarantees given by certain subsidiaries (the Guaranteeing Subsidiaries)

financial and other covenants restricting the activities of Fletcher Challenge and certain of its subsidiaries (the Borrowing Group).

The Proposal
The Debenture Trust Deed was entered into in 1981 primarily to conform to local legal requirements and domestic merket practice in New Zealand. The international growth of Fletcher Challenge in recent years has made local requirements and practices of diminishing importance and the Debenture Trust Deed has become increasingly out of line with practices in the International capital markets in which Fletcher Challenge now meets most of its financing requirements.

financing requirements.
Fletcher Challenge has therefore, after caroful consideration, come to the view that it is in the best interests of Fletcher Challenge and its shareholders and creditors as a whole that Fletcher Challenge discharge the Debenture Trust Deed in favour of new negative pledge-based borrowing terms and creditors which accord with modern international capital markets practice.
Fletcher Challenge's proposal involves the restricturing of Fletcher Challenge and its subeldiaries by the establishment of a "Core Group" held by a newly-formed intermediate holding company, Fletcher Challenge Industries Limited ("FCIL"), which will itself be a wholly owned subsidiary of Fletcher Challenge. The Core Group will, in effect, be the central operating unit of Fletcher Challenge and will constitute a distinct financial entity for the purpose of raising finance. The subsidiaries outside the Core Group will comprise those, such as the existing finance group, whom for various reasons it is inappropriate to bring within the Core Group.

The Core Group will, by means of entering into financial and other covenants, accept restrictions on its activities designed to give to the former secured creditors certain of the protections which they previously had under the Debenture Trust Deed (but modified to fit the new structure) and to protect and preserve the separate identity of the Core Group.

creations certain or the protections which they previously had under the Debenture Trust Dead (but modified to fit the new structure) and to protect and preserve the separate identity of the Core Group.

Substitution of FCIL for Fletcher Challenge in order to establish the financial Independence of the Core Group from the outset, the restructuring proposal involves the substitution of FCIL for Fletcher Challenge as principal debtor or as guaranter (es appropriate), wherever legally and practically possible, for all borrowings which, prior to the implementation of the proposal, were secured under the Debenture Trust Dead. In order to preserve the part passu ranking of all landers, FCIL and the principal borrowing companies in the Core Group (the Core Borrowing Subsidiaries) will enter into a Global Guarantee and Indemnity under which each will guarantee the borrowing and guarantee obligations of the others.

principal combines of the Core Borrowing Subsidiaries) will element into a Global Guarantee and Indemnity under which each will guarantee the borrowing and guarantee obligations of the others. Information Memorandum
Fistcher Challenge has prepared an Information Memorandum, which fully describes the proposal and gives details of the existing borrowing structure, the proposed new arrangements (including details of the establishment of the Core Group and the coverants to be given for its protection) and the reasons for, and purpose and effect oi, the proposal. Copies of the information Memorandum are available for collection by Bondholders at the specified offices of the Fiscal Agent and the Paying Agents for the Bondholders set out below.

Consents of Holders of Security Stock
In order to implement the proposal, Fletcher Challenge will enter into agreements with all of its lenders holding Security Stock issued under the Debenture Trust Deed, which will provide in particular for:

— their consent to the cancellation of their Security Stock and the discharge of the Debenture Trust Deed

— (where legally and practically possible) the substitution of FCIL for Fletcher Challenge as principal debtor or guaranter (as appropriate)

— the giving of the coverants for the protection of the Core Group and the entering into of the Global Guarantee and Indemnity.

Terms and Conditions of Bends

The terms and conditions of the Bonds provide, under certain conditions, for the cancellation of the Security Stock securing the Bonds and the discharge of the Debenture Trust Deed. In view of the proposed restructuring of the Fletcher Challenge Group, it is not practicable to comply with cartain of these conditions, since these are premised upon the maintenance of the existing group structure. However, the present proposal afternits to accord to the Bondholders' Meeting now being convened is to consider and, if thought fit, to pass the Extraordinary Resolution necessary to

Purpose of the Meeting

The purpose of the Bondholders' Meeting now being convened is to consider and, if thought fit, to pass the Extraordinary Resolution necessary to approve the cancellation of the Security Stock and the substitution of the guaranter of the Bonds, to authorise the Security Trustee for the Bonds and the Flecal Agent and Paying Agents to enter into a Supplemental Deed and to approve the amendments to the terms and conditions of the Bonds and other documents entered into in connection with the Bonds which are

nocessary to implement the proposal.

Draft Supplemental Deed

Copies of the draft Supplemental Deed are evallable for inspection by Bondholders at the offices of the Fiscal Agent and the Paying Agents set out below.

Thustee for the Bondholders

The Law Debenture Trust Corporation p.l.c., as Security Trustee for the Bondholders, in accordance with its normal practice expresses no opinion on the ments of the proposal, but has authorised it to be stated that in its capacity as Security Trustee it has no objection to the proposal being submitted to the Bondholders for their consideration.

Recommondation

The Directors of Fletcher Challenge consider that the proposal is in the best interests of Fletcher Challenge and its shareholders and creditors taken as a whole and that the terms of the proposal are fair and reasonable to the Bondholders. Accordingly, the Directors of Fletcher Challenge recommend all Bondholders to vote in favour of the Extraordinary Resolution to be proposed at the Bondholders' Meeting.

Copies of the Fiscal Agency Agreement (including the Terms and Conditions of the Bonds and the Guarantees) and the Deed of Thust are available for inspection by Bondholders at the offices of the Fiscal Agent and the Paying Agents set out below.

Copies of the Fiscal Agency Agreement (including the Forms and Conditions of the Bonde and the Quarantees) and the Deed of Trust are available for inspection by Bondholders at the offices of the Fiscal Agent and the Paying Agents set out below.

VOTING AND QUORIUM

1. A holder of a Bond wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond(s) or (a) valid voting certificate(s) issued by the Fiscal Agent or a Paying Agent outside the United States relating to the Bond(s) in respect of which he wishes to vote.

A holder of a Bond not wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond(s) or (a) valid voting certificate(s) is sued by the Fiscal Agent or attend and vote at the Meeting in person must produce at the Bond(s) or voting certificate(s) to the person whom he wishes to eitend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Fiscal Agent and the Paying Agents are to utbelow) instructions.

Sonds may be deposited with the Fiscal Agent or any Paying Agent outside the United States or (to the satisfaction of the Fiscal Agent or any such Paying Agent) held to its order by CEDEL S.A. or the Operator of the Euro-Clear System or any other bank or depositant approach of obtaining voters the time appointed for the holding of the Meeting (or, if applicable, any adjournment of the Meeting, but not the relative Meeting, but not the relative Meeting, and the purpose of obtaining voting certificates or voting instruction forms giving voting instructions in respect of the relative Meeting, Bonds so deposited or held will not be released until the earlier of the onclusion of the Meeting or any adjournment of the Meeting of the Voting certificate(s) or (as the case may be) the surrender (not less than 48 hours before the time for which the Meeting and the surrender of the Weeting struction receiptify) issued in respect of such Bonds.

2. The quorum required at the Meeting

Benkers Trust Company
Dashwood Hyung Dashwood House 69 Old Broad Street Paying Agents Credit Suisse

Banque Indosuez Belgique S.A. rue des Colonies 40 B-1000 Brussels

New service to exporters targets smaller companies DTI overhauls trade support

The other new features

By Hazel Duffy

THE EXPORT services to business provided by the Brit-ish Government have been overhauled in a bid to make them more effective and more accessible to smaller compa-

Following a year-long review of the British Overseas Trade Board, Lord Young, Trade and Industry Secretary, announced moves yesterday which bring the Board more into line with the DTI's increasing emphasis on helping smaller companies to improve their performance. The reorganisation also

introduces charges of up to £100 a day to companies which request specific information and advice requiring research in overseas diplomatic offices. Companies will be able to pay for these services by way

of a charge card which will be accepted by all government offices both inside the UK and abroad. They already pay to participate in the Board's trade fairs and missions, and for help provided by overseas offices to

include: • The export counselling service, to include 31 export development advisers, appointed for three years with DTI funding. The prospective advisers will be based in local chambers of commerce, and offer practical guidance and advice to any company. Their role will also involve seeking out companies which could

start exporting.

The provision of marketing information through the Export Intelligence Service has been contracted out to the private sector. Export Network, which runs a computerised information action has set up. information service, has set up a subsidiary to market and deliver the new service. The DTI is also setting up a pilot scheme with the Netherlands-British Chamber of Commerce to provide additional services to companies in that market. DTI export staff will benefit from more training under a

programme of short-term

tachments in exporting com-

panies. In addition, Mr Alan Clark, Trade Minister, has announced a schema which will give commercial experi-ence in British companies "to individuals from overseas, individuals who have or will have positions of influence in their country." A second new programme announced yesterday, dubbed by Lord Young a "self-help

business management pro-gramme," aims to improve the quality of management and competitiveness - specifically of smaller companies - in domestic and foreign markets.
It includes a reference book to help users identify their needs in design, quality, manu-facturing management, purchasing and supply. It will be complemented by briefings, workshops, seminars, a mobile demonstration unit and com-

The film programme will be supported by Lloyds Bank, which said yesterday that it was the first major bank to be involved in a DTI initiative.

Better than a Hotel BRISTOL PLAZA Luxury apartment suites, elegantly furnished with daily maid & linen service. Complimentary membership of pool & Health Club. Available on long or short term leases. BRISTOL PLAZA 210 EAST SIXTY, FIFTH STREET NEW YORK, NY 10021 TELEPHONE 212.826.9000

FAX 212,753,7905

in the search for clues.

Both steps are being taken to complement the regulatory system which has been intro-duced into the London finanbomb was put on board.

Mr Orr declined to comment

Mr Orr added that that about

10,000 items of baggage and other items had been recovered

set up jointly by both it and London's International Stock Exchange.

Unlike other ombudsmen appointed by the banking and insurance industries, he will not investigate complaints

His responsibility will be to ensure that complaints are fairly and efficiently investigated by the bureau.

He will also report on the bureau's operation to the TSA

Sir Gordon said yesterday that the UK's system of self-regulation was "on trial". But "it must have teeth," he said. "The world has moved on.

More formal safeguards are

consumer arbitration scheme for private investors, will han-dle disputes involving less than £25,000.

The Securities Association will bear the costs, and the

The TSA is also setting up two arbitration schemes. One, which will be known as the

ing on both parties.

The second scheme has no upper limit, but the parties themselves will have to bear the cost of arbitration. Lord

Nathan, a former leading solicitor, is to be chairman of the ttor, is to be chairman of the TSA's panel of arbitrators.

Mr Stanislas Yassukovitch, TSA chairman, said that the establishment of the complaints bureau and the arbitration schemes would reinforce the protection available to investors.

We hope that the vast majority of complaints will be resolved before they reach this stage," he said. "But we are sure that these schemes will provide an effective and attractive alternative to litigation for the inevitable hard core of dif-

complaints against TSA mem-

han the people of developing nations emerge into the bright dawn of the consumer age, one of their first responses is to make a trip to the store for a bar of soap and a packet of food.

Although they may have only the timest discretionary budget, it has been shown over again that sunbryonic consumers will buy premium branded goods because — apart from the physical benefits of the products themselves — they believe they promise success, authority and other intangible rewards.

Niall FitzGerald, finance director.

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Niall FitzGerald, finance director of Unilever, learnt this lesson during a stint in South Africa where he admitted to being amazed that blacks were the biggest spenders on the Anglo-Dutch group's most

expensive products.
"When you have only £1 in spend you cannot afford to take risks, so you go where you see quality," he says. The lesson is now being underlined in the Far East.

In an economic environment where gross domestic product (GDP) has grown by an average of 4.5 per cent in the past four years, the group's sales of consumer products increased from £500m in 1985 to £1bn in 1987. Turnover will top £1.5bn this year, FitzGerald claims. The regional market is develop-

mg into an economic powerhouse in its own right," says Jan Peelen, the main board director responsible for the area. Where formerly Japan was the main driving motor, other countries are now contributing real increases in economic power. Trade between Japan, China, Taiwan and between Japan, China, Taiwan and Hong Kong alone amounted to \$40bn in 1987. GDP growth in Thailand has recently averaged 6.6 per cent a year, Taiwan has managed 9 per cent and South Korea 9.5 per cent. Japan has averaged 4.5 per cent from a higher base.

Disparities abound. Per capita GDP in Indonesia is only £1,000 compared with \$7.700 in Japan. The

compared with £7,700 in Japan. The figure in Shanghai, with a popula-tion of 18m - with a further 170m times the Chinese average of \$225. But Unilever is focusing on one Far Eastern markets

Powerhouses of disparate opportunity

Christopher Parkes continues his series on Unilever by assessing the potential rewards from the region's different nations



confident prediction: that by 2000 the region will account for 31 per cent of the free world's GDP, com-pared with 25 per cent in 1987 and 18 per cent in 1970.

Accordingly, its business is being geared to take advantage. There is recognition that the process may be alow, uneven, and possibly some-thing of a gamble. "Wa are having to give it disproportionately high priority to exploit the possible potential," says Peelen. Formerly sed in Brazil, he has long experience in developing markets, and has seen Unilever's businesses there ride through extraordinary phases of political and economic

Unflever has been established in Indonesia, Thailand, the Philippines and elsewhere for 50 years and



more, and has grown up with the It has a management brigade of 1,250 mainly local people - only 10 per cent originate in the UK or Netherlands - which keeps it in touch with local demand. There is

also the Unilever cash production machine in the developed world to fund its ambitions. But its lack of illusions is also a significant asset. "This is not Europe after 1992," Peelen stresses. The That market is hedged in by

punitive border tariffs. Indonesia is

virtually closed, and China demands foreign exchange earnings from exports in return for manufacturing rights. As a result capital expenditure demands can be relatively burdensome. No chance here to build one detergent works and supply all 17 countries in the area.

As a result, plant tends in be built for local markets. Ten new factory units have gone up in the past four years, and Pealen is currently considering a further 10 in be built in

Rest of world Operating profit 600

lever has entered a 50/50 joint venture in detergents with Aekyung in South Korea and more recently taken over FUIC, a Taiwanese detergent company.

As in the rest of the world, Unilever has none of the markets to itself. But in some areas, such as Malaysia, Thailand, Indonesia and the Philippines, its turnover is esti-mated to be three times as hig as that of Procter & Gamble and Col-gate Palmolive of the US, and nine times that of Lion, the Japanese

Janan's consumer products majors are currently more preoccupled with developing their busi-nesses in Europe and the US than in their own backyard. Even in China, where Unilever started manmacturing Lux soap last March, Nestle and Heinz have well estab-lished joint ventures, Procter is just starting and Coleate is setting up manufacturing arrangements, the Japanese have know how agreements but no real manufacturing

goods companies are increasingly scive in Japan. Nippon Lever ranks sixth in the league of largest foreign companies operating there, some way behind Nestlé, and shead of

North America

Operating profit

Its formerly stealthy approach is being adapted to a more confrontational style. After setting up in Japan in the early 1960s, Unilever worked hard in marginal markets such as margarine and black tea areas where it was traditionally strong and there was relatively little organised local resistance. Joint ventures between its National Starch subsidiary and Kanebo and Of found it the path of least resistance into the speciality chemicals

Sidling into the home laundry business with its FaFa brand has won it second place in Japan's new fabric softener sector. And more recently it has introduced the Japanese in western culinary delights such as frozen potato in alphabet shapes, fish fingers and pasta side

Jan Poelen

when it took on the local opposition

in the \$1bn-a-year shampoo busi-ness. In only seven years Unilever

has exchanged positions with Kao of Japan. From 20 per cent in 1981 the group's market share is now

heading towards 60 per cent with a late and critical boost from the Tim-

The cost has been extraordinary. Although no figures are available,

pon Lever, has consistently ploughed back all its profits and more into marketing and promo-

Still, Unilever routinely works

within pay-back timescales running into decades, and it also measures



its, could vouch for that. Whether Unilever can match that

performance will depend on the extent to which it is tempted or even obliged property to confront the Japanese household cavalry in the form of Kao, Lion and Shiseldo in personal care and detergents and the likes of Ajinomoto in foods.

devoted cultivation of local inves-tors and academics has won the group the respect it needs to func-tion properly in this unique society.

The temptations are plain; the Japanese laundry detergents mar-ket is half the size of that in the US. toothpaste is two-thirds as large and skin care twice as big with a value last year of \$3.3bn. These are all mainstream Unilever products none of which has yet been intro-

duced into Japan.

Meanwhile, all the leading Japanese companies have advanced plans to assault Western markets in these product areas. Given Uni-

lever's stake in and dependence on detergents and personal products, it would be unimaginable for it to allow Kao and the others in start a soap war on its home territories and respond in Japan with nothing more than an increased bombard ment of Captain Birds Eye's quick frozen potato waffles.

Previous articles on Unilever were published on January 13, 16 and 17. The series is concluded tomorrow. returns in currency other than simple cash. For example, prominence in popular markets coupled with

seven different countries, Support-ing the organic development, Unimeanwhile, Unilever has a personnel challenge to confront

ooking down from his present position at the top of Unilever, group finance director Niall FitzGerald can see a new wave of women working their way through the hierarchy.

Looking up from the wommale faces occupying virtually all the 20,000 senior manage-ment lobe the consumer prod-ucts multinational has to

heartening sight for the new-comers. However, Unilever has come lately to realise that it

could find itself in serious difficulties if this female contin-gent loses heart and drifts away and more women are not brought in to reinforce their

By the year 2000 there will be 30 per cent fewer graduates leaving university than there are now. If by then we are still failing to draw from one half of this resource, Unilever itself will be failing," FitzGerald

on the group hoard by the time I retire in 18 years, then I will have failed," he says.

been delivered of a 2 in-thick report, Women in Unilever, but there is a distinct note of urgency about plans to set up weekend schools for absentees

weekend schools for absences on maternity leave, and to arrange part-time working and job-sharing.

"Until now we have done nothing to help them keep in touch with Unilever and the business world or help them with re-entry," he admits.

"If women see us doing none "If women see us doing none of these things, then it is obvi-ous to them that we are not

experience on graduate selec-tion boards - at which, he says, the majority of places available have been offered to women - he finds men tend to be highly focused on academic specialities, while women offer all-round skills.

The stuff of marketing, these abilities are especially in demand as the group switches to the offensive in world markets and its culture undergoes the most radical change in its-No more will promotion

come with seniority. Entrepre-

and the need to attract them has been the single most pow-erful factor affecting the decision to change the culture of the business, FitzGerald

This change involves the central authorities loosening the reins. Management is being given more room to operate and actively encouraged to take risks. "We are giving people more authority and more freedom to

use it." says FitzGerald. Corporate disciplines have fended to conceal from the outside world the fact that Unilever is made up of hundreds of substantial, standalone companies offering vir-tually endless opportunities. Corporate disciplines also contributed to considerable

losses of skilled personnel in As a result, British industry

is bestrewn at the top level with a sort of Unilever alma mater made up of bright peo-ple whose individuality was a distinct liability under the old

Alistair Grant, chairman of the Argyll retailing group, for

too rumbustions to succeed in Sir Peter Reynolds, chairman of Ranks Hovis McDon-gall, and Alistair Mitchell-

ENERGY IS OUR BUSINESS

Innes, former head of Nabisco in the UK, also left to find their own place in the sun beyond Unilever's shadow. The group has long been viewed as a dull, anonymous, low-profile halk.

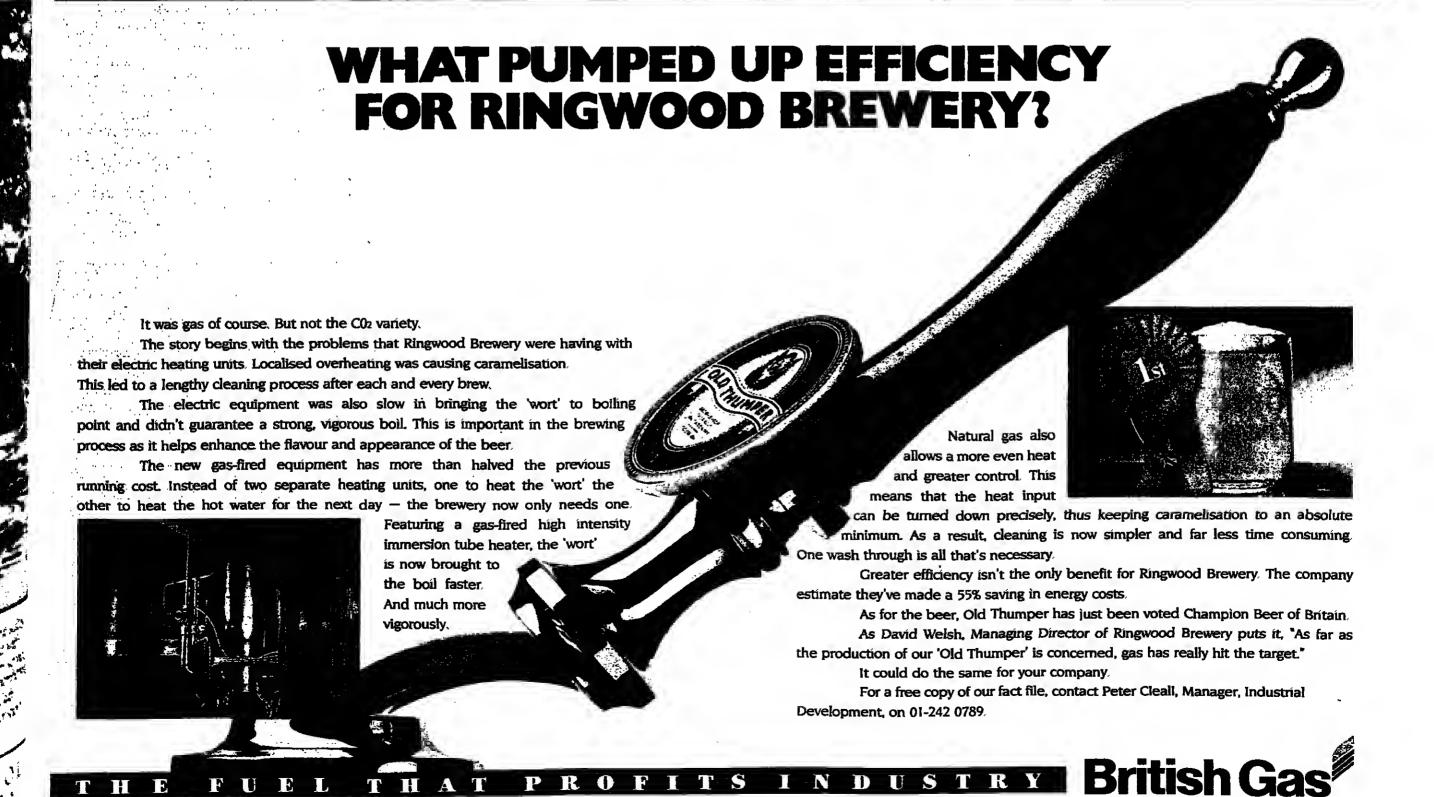
Its products are perceived as commonplace. In career terms compared with the Civil Service - self-consciously con-

cerned with its own grandeur and what it can give to its they can bring to it.

"It used to be acceptable to approach people and offer them a job for life," says Fitz-

"What young people want now is a job where they can develop their own innate tal-ents. So I ask them to take us on trust for five years and move if we fail to come up with the goods.

"The last thing I offer is a career for life."



The complex question of executive lifestyles

By Michael Dixon

EVEN after 16 years and three weeks of existence, the Jobs column still marvels at the generous resourcefulness of you readers. The most recent display of it has come in response to my plea four weeks ago for advice on the findings of a survey by the Employment Conditions Abroad consultancy of the spending habits of executives

of different nationalities. ECA focused on managers of similar rank - head of a function such as marketing in a medium-sized company in a medium-sized company
from eight nations. They
are the United Kingdom,
United States, Netherlands,
France, Switzerland. West
Germany, Australia and
Japan. The study compared their typical patterns of expenditure when working not only in their own homeland, but also as expatriates in each others' countries.

Since expatriates often have their accommodation costs subsidised to varying extente by their employer, the consultancy did not attempt to measure outlays on housing. The survey was confined to spending on other products and services which, for brevity's sake, I'll

call "consumer" goods.

The comparisons were made by a method ECA has used for 15 years in gauging the expenditure of managers of seven of the eight nations I listed earlier, with results

evidently judged acceptably accurate by the managers concerned. But never before had the consultancy worked out comparative figures for the Japanese — which is what gave rise to my appeal for help.

For it appears that, no matter where in the world the executives from Japan are operating, they spend far less on consumer goods than their counterparts from else-where. Here for instance are the eight nationalities' typical yearly outlays when working in their own home-land, stated as a percentage of their gross salary there:

Nationality	Gross	%
of manager	salary	spent
British .	£26,000	33
French	£35,000	31
Australian	£28,000	29
Swiss	£56,000	26
American	£42,000	25
W. German	£45,000	23
Dutch	£36,000	21
Japanese	£62,000	15

Ever thrifty

The managers from Japan showed a similar thriftiness when working as expatriates too. In the UK, for example, their consumer spending worked out at only £5,000 a year as against £8,500 for the native Brits. Indeed, the differences were enough to

make even ECA doubtful that such low figures could be right. So I asked if any reader could either confirm or deny that the Japanese are really as frugal as the

survey suggested.
Thirty-eight of you kindly replied (I am sorry I have too little room to acknowledge you all by name here today). My only disappointment is that none is Japanese. The nearest is John Zimet, an American with a Japanese wife. He spent eight years in Japan before coming to Britain as general manager of Shima Selki's branch in Milton Keynes.

"Since moving here we have noticed that we are spending more on consumer goods than we did in Japan. This is due in large part to buying Japanese food which is very expensive," he says.
"I don't know an exact figure
but it is surely higher than

E5,000."

But that need not mean ECA's £5,000 figure is wrong. Mr Zimet ranks higher than the managers on whom the consultancy focused.

The other replies largely agree that the survey is hroadly right although the true position is clouded by complexities. And the most

complexities. And the most detailed account of what the complications are comee from Michael Davies of the World Bank in Washington. He claims it is best to look

Nationality of mid-rank manager	Gross salery in homeland £	Approx. net incoma* £	Spending on consumer goode £	Spending as % of net income
British	26,000	20,100	8,500	42
American	42,000	30,600	10,400	34
W. German	45,000	33,900	10,400	31
French	35,000	31,700	10,900	34
lenenee	62 000	45 AM	0.500	21

· Based on married person with two dependent children.

at consumer spending as a percentage, not of grose salary, but of net income after deductions for tax, social security and so on. Accordingly he has produced the forces in the table shows the figures in the table above ehowing the approximate net income of the managers of five of the nationalities. On that basis of comparison, the gap between the Japanese and the rest closes a bit even though the percentage of

take-home pay spent by the British is still twice as great. Some of the remaining variance arises because the Japanese typically save far more than Europeans and Americans, in many cases with the aim of buying very costly houses. Nevertheless, "while employed, Japanese often have the henefit of subsidised company rentals". Another complication, Mr Davies says, is that the "housing" costs left out of account by the survey cover more things in some lands than in others. "In the US, typically, housing is an all inclusive coet (whether rented or purchased) which covers major household appliances as well as most storage space. Typically, in Europe and Japan, that is not the case.

"This provides a partial Another complication, Mr

"This provides a partial explanation as to why the US executives rank so low in concumer expenditure despite the obviously high level of consumption in the US lifestyle. I suspect that a typical Japanese house would contain less again in standard appliances and basic furnishing than in either Europe or the US."

Even so, some mysteries persiet. For the modest consumer spending of the Japanese conflicts with the evidence cited in a dozen other replies that they tend to be voracious consumers with a throw-out-the-old, buy-in-the-new cast of mind. "Homes are crammed with

a plethora of the very latest products, both everyday items (white goods, hi-fi, video, tv) and marginal luxuries such as heated carpets and speaking clocks," says Joy Golden of MACC management consultants in Milton Keynes. "Second-hand items are valueless whilst western branded goods have

considerable cachet."
So if any reader can tell how such things are acquired on such low outlays, I'd be glad to pass on the news in a

future column.

Nor is that the only mystery. As Michael Davies says, while the frugality of the Japanese is remarkable, it is no more so than the prodigality of the Brits.

But he thinks the latter is easier to explain. By his

reckoning, a key reason why the consumer spending of UK managers is unusually high as a percentage of net income is that their salary figures leave out of account the company cars which are more commonly supplied to executives in Britain than elsewhere in the world.

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TECHNOLOGY

Cleaning out the microchip pan



Eagle eye

mergency crews rushed to a semiconductor factory in Silicon Valley earlier this month in response to alarms indicating a leak of potentially lethal arsine gas. Hundreds of workers were evacuated, while fire crews wearing oxygen masks entered the contaminated plant.

masks entered the contaminated plant.

The incident turned out to be relatively minor and nobody was hurt. However, it served as a reminder of the potential dangers faced by thousands of workers and those who live near semiconductor factories.

Although widely regarded as a "clean", high-tech industry, the manufacture of semiconductor chips is coming under

Although widely regarded as a "clean", high-tech industry, the manufacture of semiconductor chips is coming under increasing scrutiny. Toxic chemicals are an essential part of the manufacturing process. Highly toxic arsine and phosphine gases are used to "dope" silicon to produce the electrical properties needed to create employable.

semiconductors.

Hydrofluoric acid is used to clean wafers, while organic solvents such as trichloro-ethylene, which has been linked with cancer in animal tests, are used to remove impurities from the wafers. The semiconductor industry is also a big user of chlorofluorocarbons (CFCs), which are damaging to the earth's ozone layer.

tional health and safety record is a matter of debate. Quoting 1986 data from the Burean of Labor Statistics, the industry claims to have only a third as many incidents of on-the-job injury or work-related filmess as is the average for US manufacturing.

Closer scrutiny of the data

Closer scrutiny of the data reveals, however, that the incidence of health problems among semiconductor production line workers, excluding all staff, is much higher. According to data collected through the industry's Occupational Health System, the numbers

Toxic materials present a variety of problems to the makers of semiconductors.

Louise Kehoe looks behind the US industry's healthy image

range from about 10 incidents per 100 workers to 23 per 100.

The rate of injuries and illnesses may be increasing. According to data published by the National Safety Council, an independent public service agency, the number of "reportable" cases (ones that must be reported under Occupational Safety and Health Agency rules) of injury or illness among all employees in the industry rose from a low of 1.56 cases per 100 workers in 1985 to 5.98 per 100 in 1987 – the latest available data.

Last year, a study by researchers from the University of Massachusetts indicated a higher than expected rate of miscarriages and illness among

researchers from the University of Massachusetts indicated a higher than expected rate of miscarriages and illness among the predominantly female production workforce at a Digital Equipment Corporation semiconductor plant near Boston. Although the results were inconclusive because a relatively small number of workers was involved, an industry-sponsored scientific review of the research has concluded that it raises "serious con-

In an effort to resolve the issne, the Semiconductor Industry Association, a trade group representing US chip makers, has announced that it will fund an extensive study of health issues in the industry, focusing primarily on the risks faced by women of childbearing age. The study will be conducted independently by researchers from the University of California at Davis. It will involve thousands of workers at the plants of 17 US semiconductor producers and is expected to take three years. Industry officials hope that the study will determine whether they have a real problem. They say that they are determined to "do whatever is necessary" to eliminate health

hazards, if any exist.
Environmentalists have given their qualified support to the study. "We have been sug-

gesting a study for several years, so we are pleased that this will happen. Our concern, however, is that the industry will use the study as an excuse not to move forward with efforts to reduce the use of toxins immediately," says Ted Smith, president of the Silicon Valley Toxics Coalition, an environmental pressure group.

espite their superbly clean appearance, the lawned campuses of Silicon Valley's chip makers mask a mess of underground pollution that is expected to cost hundreds of millions of dollars to clean up.

The problems, first detected in the early 1980s, stem from underground storage tanks used to hold waste solvents. Built in the 1970s, according to

The problems, first detected in the early 1980s, stem from underground storage tanks used to hold waste solvents. Built in the 1970s, according to what were then regarded as asfe standards, as many as 165 of these tanks are known to have leaked toric material into the soil, contaminating ground water and underground aquifers.

fers.

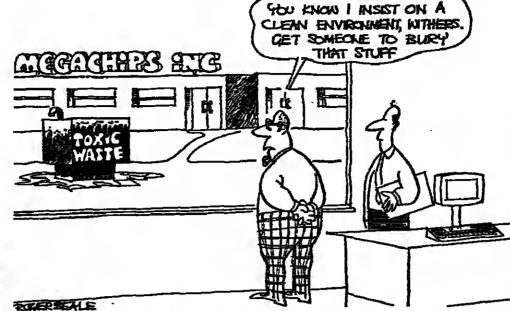
The Environmental Protection Agency has designated 28 Superfund sites in Silicon Valley, where the agency will, if necessary, use government funds for a clean-up because they represent a severe health or environmental hazard. This represents the highest concentration of Superfund sites in any region of the US.

Extensive drilling has been used to biografie the problem.

Extensive drilling has been used to identify the problem areas in Silicon Valley. Recently, the EPA reported ground-water pollution at one site with levels as high as one million parts per billion of trichloro ethylene.

Cleaning up this site alone will cost about \$55m and could

Cleaning up this site alone will cost about \$55m and could take as long as 300 years, says the EPA. The companies involved, Intel, Raytheon and Fairchild Semiconductor (now owned by National Semiconductor), will be forced to pay most of the cost of the clean-up. Nineteen other com-



CHERSEALE

panies have been identified as partially liable.

Almost all the major electronics companies in the region are involved in one or other of the contaminated sites. IBM, for example, has spent more than \$42m pumping millions of gallons of contaminated water through cleansing systems at its plant in San

The main concern of local residents is pollution of drinking water supplies. According to environmental groups, more than 40 public drinking water wells have been polluted.

Despite assurances about water purity, many residents remain convinced that they are at risk. The most disturbing reports come from a neighbourhood close to a former Fairchild plant, where a high incidence of birth defects has occurred. State sponsored studies have confirmed an abnormally high rate of health problems, but have not so far identified the cause.

problems have fuelled vociferous criticism of the semiconductor industry by environmental groups. New ammunition for the critics has been supplied in recent months by the publication of data on the quantities of chemicals released into the environment. This information, which companies must now file under a disclosure law passed by Congress last year, has revealed that Silicon Valley chip makers release millions of pounds (weight) of toxic chemicals into the air or water each

The reports have been seized upon by groups bent on industry reform. "We're hoping they will wake people up to what's going on and create a groundswell to get these companies to stop using the air as an open sewer," says Ted Smith of the Toxics Coalition.

Industry officials respond

Industry officials respond angrily to such remarks. They resent being portrayed as polluters when they say they are doing everything possible to minimise chemical emissions; and they accuse the protesters of misinterpreting the data.

Further, industry leaders see the environmental groups as a front for labour unions, the

real purpose of which is to unionise the semiconductor industry.

Indeed, the environmentalists do not try to hide their links with organised labour. Several union leaders are listed as current or former directors of the Toxics Coalition and unions have campaigned on the health and safety issues

facing workers in Silicon Val-

n the industry's defence, its efforts to solve pollution problems have been conscientious. "The Silicon Valley semiconductor companies have stepped forward to take responsibility more readily than any other industry, certainly in the western region," says Amy Zimpfer, of the EPA, who is responsible for dealing with Silicon Valley

Superfund sites.

Over recent years, the practices of the semiconductor industry have changed. The underground tanks, for exam-

ple, are now built with doublewall containment and monitored more closely. The organic solvents now include substances that are believed to be less of a health risk.

be less of a health risk.

The industry is also turning to recycling as a means of cutting its consumption of chemicals and reducing toxic waste.

In two recent projects sponsored by the State of California, organic solvent and arsenic compound wastes were greatly reduced at a Hewlett-Packard plant through innovative recycling methods.

The results indicate that the

The results indicate that the solvent wastes generated at the Hewlett-Packard semiconductor facility could be reduced by up to 70 per cent, or 31,000 gallons a year, while arsenic compound wastes could be cut by up to 90 per cent. Savings of several hundred thousand dollars a year in waste disposal and material purchasing costs may be achieved when the system is fully implemented in the mid-1950s.

mid-1930s.

As semiconductor technology progresses, however, its appetite for toxic chemicals increases. The quantities of hydrofluoric acid required to make, for example, one megabit D-Rams increase by a factor of about five for 4 Mbit D-Rams.

A new solution to this problem, which also promises to provide chip makers with exceptionally pure acid, is being offered by Athens Corporation, of Oceanside, California. The company's hydrofinoric acid purifier equipment removes contaminants from the acid, allowing it to be used several times.

Card makers try to wear down soccer lobby's defences

THE BILL to introduce a national identity card scheme for soccer fans, introduced in the UK House of Lords yesterday, has become something of a political football

a political football.

Yet despite politicians' doubts about the civil rights implications of the scheme, one of the football authorities main objections has been that the technology cannot deal quickly enough with large crowds at football matches. (Saturday's largest gate was 40,931 who saw Manchester United beat Millwall.)

"The problem is that people

"The problem is that people tend to arrive at football matches at the last moment," says David Bloomfield, a spokesman for the Football Association.

"If a system alows supporters for a couple of seconds and that hold-up is multiplied by a few thousand, you have a considerable delay. What's more, that sort of delay could be exacerbated if the technology were unreliable — and no machine is accident free."

The choice of technology, assuming the identity card scheme reaches the statute

The choice of technology, assuming the identity card scheme reaches the statute book, will depend on the specifications laid down by the Foothall Membership Authority. However, the companies jostling for the contract are offering three main methods of storing data on cards:

Bar-codes, like the ones found on supermarket goods.

Magnetic stripes, similar to those on credit cards.

Smart cards, which contain a microchip to store data. Barcodes would probably be the cheapest alternative. A package using these is being offered by Check Technology, security printers of Minnesota in the US. The company has proposed a system similar to the one it provided for the Los Angeles Olympics in 1984, which uses a digitised photograph of the supporter as well as a barcode.

The Check Technology system uses no machinery on the gate. Each individual is identified by his or her photograph on the tickets which are issued in a book. The company says that the har-codes, processed at a rate of 50,000 every 30 minutes, can be used for security and marketing purposes.

A magnetic stripe solution is being offered by Aquix Holdings, of Lincoln in the UK,

which has already supplied a system for Luton Town Football Club. The company says that if the football club has computers with sufficient power – it recommends one personal computer with 26 megabytes of memory for every 30 gates – it should take just half a second to verify each card.

each card.

However, both types of system require the card to make direct contact with the reading equipment in the turnstile. This increases the amount of time needed to process each individual and also makes the system vulnerable to sabotage by cards bearing chewing gum

An alternative which avoids this problem is being offered by GEC, the UK electronics

The GEC card contains a microprocessor and a 40k memory chip (capable of storing 40,000 bits of memory). Each chip would contain the supporter's name, address, date of birth, sex, height and footbell-related convictions. Details about the card's date and place of issue would also be stored.

The smart eard contains a coil of wire enabling it to receive sufficient voltage for the data to be read remotely when the card is placed near a transmitter in the turnstile.

The information on the smart card is checked sgainst a list of banned spectators. This also happens with the magnet-

also happens with the magnetic-stripe card.

Tony Kirkman, departmental managing director of GEC Avery, the division of GEC which handles the product, says that smart cards have two main advantages over other

systems.

First, they would not hold up queues because the system can read them so quickly. The card can be read within 2 cm of the checking machinery, avoiding the need to pass it through any slots. The process takes only 0.1 seconds. Second, remote reading improves the card's reliability because there is less

Wear.

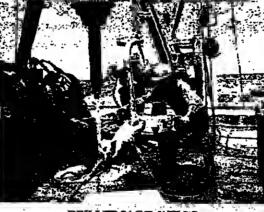
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Paul Abrahams

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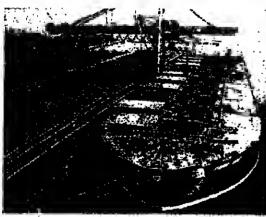


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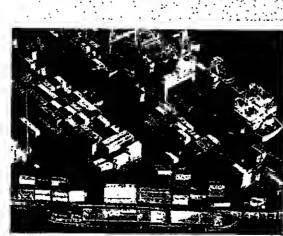


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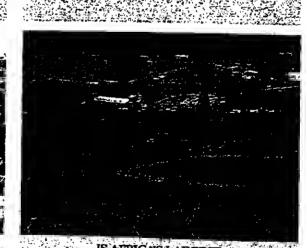
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Natalia Makarova, who dances the role of Juliet tonight at the Royal Opera House Gala. Clement Crisp will review the performance tomorrow

Der singende Teufel

Were the 1920s a golden age for German Opera? John Dew and his colleagues at the Bielefeld City Theatre would have us think so. The 1920s were certainly profife years, but aside them. Werneck Carriffes and from Wozzeck, Cardiffac and one or two others, the judg-ment of posterity has been

The most fascinating case is Franz Schreker, whose standing by the end of the decade was already plummeting faster than it had risen, and whose music was finally killed off by the Newt Wall a contrast letter. the Nazis. Half a century later. Schreker's operas are suddenly enjoying another vogue. Perhaps it has something to do with the desperate search for novelty in the exhausted German opera house repertory. There is undoubtedly a major renewal of interest in a whole world which disappeared after 1933. On the evidence of Der singende Teufel (Berlin, 1928), however, the Schreker revival is going to be short-lived. The Bielefeld ensemble tack-

led the opera with characteris-tic freshness and panache, and cast some revealing light on the libretto - but no amount of commitment could hide the poverty of the score, for which of contrapuntal note-spinners, seems to have turned on the

There is not the slightest trace of a single coherent musi-cal paragraph, and the atmosphere is untypically monotone and sombre. The fourth and final act alone offers a brief glimpse of the sweet Italianate lyricism and Insh harmony that made Schreker'e music such a hit in its day. All in all, the performance made for one of those unfortunate evenings when attention repeatedly wanders, bowever dutifully one tries to concentrate.

The theme of the opera is the crafstman-scientist who wants to put his knowledge at the service of mankind, but is unwittingly used as a pawn in the battle between power-blocs. It is an important and thought-provoking subject wor-thy of operatic treatment. Schreker's libretto offers a mediaeval setting in which a monastic order is engaged in a struggle against a band of pagans - with Amandus the

organ maker canght in the middle. The "singing devil" of the title is the organ he is persuaded to complete, believing it be for the glory of God and the good of mankind — only to find the monks using it as a tool in their scheme to massa-

cre the pagans.

John Dew updated the setting to the 20th century, with Amandus transformed into a peace-loving nuclear physicist manipulated by the Pentagon. But in the process, some of the metaphors got mixed up. The opposing forces were not the East European or Third World interests one might have expected but a bunch of subversive Communist ideologues, whose banner-waving support-ers could have been neutralised with a quick burst of tear gas rather than a volley of nuclear warheads.

The production's other limitation was the lack of variety in Gottfried Pilz's otherwise wonderfully concentrated decor, which amounted to little more than a red screen and blackboard on the stage turnta-ble. Such versatile simplicity is usually a welcoms feature inopera productions these days, especially when chorus and principal singers are so intelligently animated as here. But a richer and more detailed visual ambience might on this occa-sion have provided a useful foil to the musical tedium.

Rainer Koch, the Bielefeld music director, conducted fu-ently and with proper regard for his singers: it is doubtful whether a larger body of strings or a stronger musical personality in the pit would have made much difference. James O'Neal sang the long and demanding tenor role of Amandus with unfailing good manners and spirit, Maike Pan-segrau was excellent as Amandus' fiancee Lilian, who uses emotional blackmail to try to make him change sides, but ends up equally disillusioned. The supporting perfor-mances included Gidon Saks, a

little young for the impassive figure of Pater Kaleidos, Krys tyna Michalowska as the trou-ble-stirring Alardis, and Mich-acl Vier as the wheeler-dealer in the final act.

Andrew Clark

The myth of the three minute culture

Christopher Dunkley argues that television is not creating a mass of mindless channel zappers

For most of human history the overwhelming majority of the population had to live in the country and work on the land to produce enough food. Then came the agrarian and industrial revolutions, both led by Britain. People poured off the land to work in factories. Only five per cent of the work-force was left in the fields, using mechanisation to produce enough food for all and a surplus for trade.

Now robots and computers are reducing the numbers working in the factories. Soon, it was to be factories.

working in the factories. Soon, it may take as little as five percent of the workforce to produce anough manufactured goods for all, and a surplus for trade. (Yes, yes, we are coming to television). The washing machine, having overtaken the sack of potatoes as the basis for commerce, is itself being overtaken by the kilobyte of data. After the age of agriculture and the age of information. Nor is this some futuristic.

Nor is this some futuristic fantsay: It is happening now, all around us, from the children playing space-invaders on their VDUs to the pension fund managers building fall-safe "sell" messages into their computerised portfolios and helping to precipitate Black Monday. And because it is happening now there is exhilaration and penic in the air.

The exhibitration comes from

The exhibitantion comes from those who feel that, once again, Britain may be well placed to help lead the revolution. From the CD recording of symphony orchestras to the production of rock videos, from computer programming to international advertising, and all the way through the "style" industries, Britain is well up with the world leaders. The panic comes from the pessimistic left-wing intelligentsia whose culture does not lie at the centre of the new trend, and from the older members of

Many people feel that

"everything's going too fast," that change is endemic and nothing is permanent. The elderly lady who used to pay Cullens monthly for her gro-ceries is now expected to pay the supermarket instantsneously by EFTPOS. Gold sovereigns went, and now money is disappearing. Above all, tele-vision pours out a stream of sounds and images which change so often that it seems impossible to keep up.

What a moment for Mark Harrison to produce a televi-sion series called 3 Minute Culsion series called 3 Minute Cul-ture and what a splendid idea to have it presented by Michael Ignatieff, whose handling of Voices and Thinking Aloud was so impressive. Admittedly his thesis, presented as the review-front of The Indepen-dent ou the day before the series started, raised doubts. It was heavy on assertion ("No was heavy on assertion ("No one does anything one thing at a time . . . we have replaced narrative with flow . . . sequence with randomness . . the ads are the masterpieces of the three-minutes culture) bot light to the point of weightlessness on supporting evidence. porting evidence.

porting evidence.

If our attention span, as he claims, is now so desperately short why are bookstalls packed with paperbacks of a size to rival the old double-decker novels? If everything is getting faster and shallower, and commercial television typifies this, how come commercials keep getting longer and more complicated? longer and more complicated?

If this is "the age of the three minute culture" how do you explain the trend towards ever longer stage productions, from Nicholas Nickleby to The Maksharata wis the York Mahabharata vis the York Mystery plays? And why are they always sold out?

If the young are incapable of concentrating why has the length of Hollywood movies risen from 85 minutes in the golden age to 120 and even 180 minutes for James Boud movies and Star Wars today? Ignatieff speaks of fears that people



Michael Ignatieff: presenter of the new series which questions our powers of attention

no longer have the patience to read Dickens but his books were originally published as magazine part-works in write-bites of a single chapter whereas today they are perma-nently in print in full editions and sell every year in their tens of thousands. If television and the information revolution are really creating a buman admass of mindless grasshoppers, bow do you account for the fact that eight million Brit-ish viewers watched something as long, complex and demand-

ing as The Singing Detective?
Above all, when Ignatieff makes claims about what is happening to "us," saying that "our" attention span is sagging he is surely not (perish the thought) resorting to the trick used by Mary Whitehouse and Douglas Hurd? They, you

remember, tell us how dangerous it is to watch sex and violence on television or support for violence in Ireland because it makes "us" copy what "we" see - yet they watch more than anybody else, knowing full well that it has precisely the opposite effect upon them: the more they see, the more they are repelled. Is ignatisff now lowering himself to that level or does he really believe that he is one of "us" and becoming shallow and mind-lass? The television programmes would surely reveal

Unfortunately they do not. Having watched off air Programmes 1 and 2, "Advertising" and "Television" in which Ignatieff interviews John Hegariy and Michael Grade, I

previewed the other four:
"Design" with Rodney Fitch,
"Politics" with Peter Mandelson, "Architecture" with Maxwell Hutchinson, and "Money"
with Sir Kit McMahon. None is insubstantial and all are worth watching, yet the cumulative reaction is disappointment.

reaction is disappointment.

First, Ignatieff never explains his thesis even as sketchily as in The Independent. (Perhaps that "thesis" post dates the programmes). All he tells us, over and over again, is that in America viewers now change channels on ers now change channels on average once every three min-utes. If this is the basis for all his assertions about the his assertions about "three minute culture" it seems desperately weak. In the USA today many viewers have 20 channels to choose from. If at a programma junction they programma junction they speud 60 seconds zapping through the 20 offers before settling down to watch 60 minutes of Hill Street Blues, as many do, then they are "changing channels on average once every three minutes." Yet the statistic is obviously ludi-

So far as Ignatieff's thesis is concerned, several of the pro-grammes, notably those on architecture and politics, are largely irrelevant, even though there are interesting discus-sions within them. (There is a wonderful blind spot in "Poli-tics" where neither Ignatieff nor the Labour Party's Peter Mandelson can imagine why the brilliantly clever Kinnock campaign at the last election failed, the reason of course heing that the modern Anglo-American belief among the pessimistic left wing intelli-gentsia that you can "sell" any old rubbish on television with old rubbish on television with a slick enough campaign is hooey: voters are not stupid, and if your policies are disliked you can have Michelangelo and Walt Disney running the campaign and you will still lose).

The episodes, on "Television" and "Money" get nearer to the essential idea of the accelerating pace at which

some aspects of life are now lived, but by ignation is former standards the discussions are distressingly woolly. The fasci-nating question of whether the speed of computerised data flow can actually lead to the destruction of a market (and, by similar mechanisms, cause and even fight World War III) and even fight world war in is never properly explored with McMahon. And in the best episodes, "Advertising" and "Design," Ignation's challenge, whether genuine or that of devil's advocate, simply does

not stand up.
The trenchant arguments of Hegarty and Fitch in favour of the modern practices and methods in their businesses are far more persussive than Ignatieff's dismal pessimism, and Hegarty makes much the best point in the entire series. Asked what he would say to Saul Bellow who is scared of a world in which (supposedly)
"the kids coming up" reach for
the channel changer every
three minutes and (supposedly)
lack the attention to read his novels, he replies robustly: "Hard luck Saul, you're going to have to learn how to make your narrative a bit faster, but that might make you a more interesting writer in other

Transfer that thought to tele-vision, and you have a revela-tion about the information revolution and the boring nature of television for so many young people. Advertisers, viewers under 45, and Dennis Potter are now capable of exchanging information at about 10 times the speed prevailing 20 years ago. Meanwhile other programme makers are still laborigramme maters are still major-ously showing us Poirot (or Thatcher) getting into a car, sitting in a car, and getting out of a car, for all the world as though Godard and the rest had never invented the jump

Television, which is sup-posed to be at the very centre of the information revolution, has scarcely begun to catch up

A Rock In Water

THEATRE UPSTAIRS

This energetic chronicle play performed by the Royal Court Young People's Theatre purports to tell the story of Claudia Jones, a black American trades unionist who was deported to Britain after imprisonment during the McCar-thy witch hunt, founded the West Indian Gazette and was a central figure in the early days of the Notting Hill

carnival That bald summary indicates little of the evening's real vigour. The glori-ously named Winsome Pinnock (b. 1961) is on a new wave of black British writing that is answering back to Mustapha Matura and Michael Abbensetts. Ideas gled in a complicated skein of women's stories across three or four generations.

Miss Pinnock's play last year at the Liverpool Playhouse, Leave Taking, concentrated these issues in a tight domestic setting and marginalised the stock black dreamer of 1970s theatre. Here, we start in Brooklyn, 1927, where young Claudia dreams of being a dancer while Mum slaves as a machin-

Even this early, there are "back home" tensions sketched in to indicate the nomadic progress from Trinidad, to New York, to London. After the Second War, Claudia's Communist Party activ-ity is spikily challenged by a European New Worlder who thinks it necessary to "fit in." The stark impartiality of their compressed debate is most striking. And this instant maturity is obvious, too, in a deliciously Brechtian scene



Jenneba Sie Jalloh, David Edwards and Marcus Powell

between Claudia and a black prison offi-cer who has to support her child and cannot afford bravery.

The place of pleasure in the struggle is freshly treated. Claudia and friends

unleash bundles of leaflets from the top of the Statue of Liberty while a boy-friend asks to go to the beach. The prospect of comically damp Marxist agitprop has not occurred to Miss Pinagintoly has not control to miss rin-nock. More properly, she has imagined an emblematic moment that is realised with economic magic, Liberty's serrated crown peaking above the sdaptable brick wall set designed by Annabel

Elyse Dodgson's smart production

makes good use of an a cappella chorus who swing, five and gospel on the side-lines to Mark Holness's wonderful musi-cal direction. This places "Lullaby of Broadway" in discordant juxtaposition to the regimented sweatshop and unleashes a carnival knees-np in St Pancras Town Hall that also contains some nice, needling points about Clau-dia's possibly ruthless acquisition of

star status.
Claudia is played young and old by
Eveline Okonfo and Lunga Yeni. All the
performances are fresh, unvitiated by mannerism. Most promising.

Michael Coveney

January 13-19

BARBICAN HALL

The Eusemble Intercon-temporain joined the BBC's Boulez survey on Monday for the second concert in the series. Peter Edtvös conducted; he takes charge of the Ensem-ble's contributions while Boulez works with the BBC Symphony Orchestra. It drew only a modest audience; though the masterworks are evenly dispersed through the seven programmes, clearly the combina-tion of *Domaines* and *Ls* marteau sans mastre without the composer's presence on the platform is not an especially greatness is renewed.

Domaines has always seemed one of the less engaging of Bouler's substantial scores. In its version for solo clarinet it is positively purgatorial though with the addition of the six ensembles to provide dialogues with the peripatetic clarinet it can come to some kind of life. That was the version played here, with the solo part mag-nificently taken by André Trouttet, and in some of the exchanges under Ectvos's fierce control a genuine friction was generated, even if it might be going a little far to

describe the performance as exciting. But the dourness of

Domaines did provide a perfect foil for the glinting world of Le marteau afterwards. Paul Griffith's discussion in the programme booklet described it as one of the terribly few works by a composer born since the First World War that we can call 'great' without feeling history scoffing at our pretension", and every time one encounters Le marteau again

The members of the Ensemble Intercontemporain have by now absorbed its inflections into their bones; every muscu-lar flex and twist of tempo is instinctively realised, whila Ectvos holds the frail tissues of sound together with the mini-mum of fuss. Elisabeth Laurence took the mezzo-soprano part with marvellous poise, accuracy and evenness of tone; she fitted into what is the most fluid fusion of voice and instruments with perfect natural-

Andrew Clements

Christine Cairns

Like any other composer of the Germanic tradition from Schnbert onwards, Arnold Schoenberg wrote a fairly sizeable number of Lieder, especially in his configuration and plagued the lovely Op.2 set. cially in his early period when an inherited line of style and culture still bound him closely to his musical predecessors.

The value of the "Reluctant

Revolutionary" series on the South Bank has been ths opportunity to catch up with the songs that are generally neglected. The Op.2 Dehmel and Schlaf settings do not fall into this group admittedly, as their strain of Mahlerian yearning has won them a place in the recital programmes of Fischer-Dieskau, among others. But the four German folk song arrangements that Schoenberg made in 1929 are not heard all Quite why not is difficult to

say. The way they superimpose light, popular melodies over accompaniments of severe Bach-inspired counterpoint is a splendid conceit, which shows at once the strong academic debt that Schoenberg felt to his German past and (one likes to imagine) a glimpse of the com-poser simply enjoying himself. They certainly brought a live-

Christine Cairns on Monday night, after problems with into-nation had plagued the lovely

Op.2 set.
In each of the song events of this series Schoenberg has been linked with another major composer of the Serman school (naryally Beshma) to school (usually Brahms) to push home the reluctant side of the revolutionary theme. Cairns, too, offared Brahms, though not at first with much conviction: where the voice was able to open out a song would go well, but in the rest there was a disturbing lack of focus at anything less than forte. A suspicion that each

Brahms number was being reduced to the lowest common denominator – warm vocal ism, even legato – also dogged this first group. But with the appearance of the more outgoing Zigeunertieder at the end of the programme, where she had helpful support from her pia-nist Graeme McNaught, Miss Cairns lifted interest on to higher level, thus ending the evening happily on a positive Richard Fairman

Roger Moore is to make his West End stage debut in Andrew Lloyd Wabber's Aspects of Love, which opens at the Prince of Wales on April Jonathan Pryce is to star as

Theatre news in brief

"The Engineer" in the new Alain Boublil and Claude-

Michel Schonberg musical Miss Saigon, which will open at the Theatre Royal, Drury Lane in September.

Single Spies by Alan Bennett
is to transfer from the National

Theatre to the West End. It will open at the Queen's Theaire on February 28.

INDEPENDENT BROADCASTING AUTHORITY

DIRECT BROADCASTING BY SATELLITE

HE IBA is inviting applications for contracts to provide television programme and teletext services on the UK's 4th and 5th DBS channels. The IBA will require programming which is complementary to that which is to be provided on the first three DBS channels, and will seek early implementation of the new services.

The closing date for an initial response, giving outline programming proposals, is 28th February, 1989. A full application document in support of the initial response will be required by 28th April, 1989. The contract will be offered for a period of 15 years.

from: The Secretary, Independent Broadcasting Authority, 70 Brompton Road, London SW3 1EY.

Contract specifications are available on written request



ARTS GUIDE

THEATRE

Single Spies (Lyttelton). Marvellously entertaining new Alan Bennett plays about Guy Alan Bennett plays about Guy Burgess and Anthony Blunt, with Simon Callow and the author. Prunella Scales joins in as Her Majesty the Queen. In National Theatre repertoire until February 4 before transfer-ring to West End (528 2252).

Hermann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stonewalling and no-dealing tricks (930 2578, cc 839 1438). The Shaughraum (Olivier). Rec-

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms

commended Christmas treat, as Boucicault'e melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine cast led by Step hen Res. (928 2252). Jan 19-21, Feb 13-16, March 1-4.

Mrs Klein (Apollo). Intriguing chat among the child psychoana-lysts in Nicholas Wright's hit transfer from the National, Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (487 2663, cc 379

Orpheus Descending (Haymar-ket). Trimmphant debut for the Peter Hall Company with Vanessa Redgrave candescently sensual and Italianate in atmo-shedic preferation of Tanascending spheric restoration of Tennessee Williams's last indisputably major play (930 9832).

The Footsbarn Theatre with Babylon (Thur). Stadssch-ouwburg (24 23 11). Evits, the original Broadway production with Florence Lacey (Frl). RAI Congress Centre (44 86 51).

Eindhoven

The Footsbarn Theatre with Babylon, based on Bulgakov's Master and Margarita. Stadssch-ouwburg (11 11 22).

Rumours (Broadhurst), Neil Simon's latest comedy is a self-conscious farce, with numerous

slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebullient cast in the inevitable but disappointing hit Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's poetry set to music is visually starting and choreographically

feline (239 6262). Me and My Girl (Marquis). Even if the plot turns on tronic mini-icry of Pygmalion, this is no clasacty of Fygmanon, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (347 0033).

Phantom of the Opera (Majestic).

Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago
Driving Miss Daisy (Briar
Street). The touching relationship between a dowager, played
in this production by Dorothy
Loudon, and her black chauffeur
exposes the changes in the South
over the past several decades
(248 400) (348 4000). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of

southern life from under the dry-ers in a busy hatrdressing estab-lishment (988 9000).

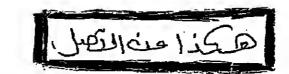
The Piano Lesson (Goodman).

Prolific August Wilson continues his exploration of the American black in history with a play, set in 1986, about a family's argu-ments set round an elaborately carved heirloom plano. Ends Feb 11 (443 3800).

southern life from under the dry-

Kabuki. The festive new year programme at Kabuki-za (541 3131) includes a popular modern kabuki play Jil-san, Bea-san (Grandpa, Grandma) at the II.30 matinee. The evening show at 420 and stiff the greetscaler. matnee. The evening show at 4.30 ends with the spectacular Lion Dance, featuring Ichikawa Denjuro XII and his nine year old son. At the National Theatre cid son. At the National Theatre (285 7411), the world-famous emagaia. Tamasaburo Bando, is one of the players in a mixed programme which includes two dance numbers. Carmen. Musical (in Japanese) based on the opera, but which follows Merimée'e novella more closely than Bizst did. The aim, according to director Mike Agh.

accerding to director Mike Agh-man of the Royal Opera House, Covent Garden, is to put back "the sex and violence". Stars Mao Dalchi who, unlike most Carmens, can dance as well as sing. Aoyama Theatre (591 1711).



FINANCIAL TIMES WEDNESDAY JANUARY 18 1989

ulture

Although government legislation requires all car manufacturers to test for 100% head-on collision. Mercedes-Benz also carry out additional head-on collision tests when the impact is concentrated on 40% of the car's frontal area. In Germany for example.

research has shown this accident happens three times more frequently than 100% head-on collisions. As a result, all Mercedes-Benz safety cells and crumple zones are now engineered to disperse the unique stresses of both types of collision. Which means impact energy is absorbed progressively and displaced

into forked longitudinal members mounted onto extremely rigid sidewall, floor pan and

transmission tunnel structures. The energy mitted and absorbed in three different directions.

This is a fine example of Mercedes-Benz research and engineering taking the lead in safety development.

in everybody's interests, so other car makers could incorporate the idea into their own body designs. A gesture that speaks for itself.

interests, Mercedes-Benz allowed it to be infringed

In 1959, Mercedes-Benz became the first manufacturer to systematically crash test and roll-over test their cars. In that year, 80 were destroyed in



the search for greater passenger security. Since then, no car maker has placed greater emphasis on crash testing, and many others reap the benefits simply

by adopting the results of Mercedes-Benz

Computer-aided engineering, combined with extensive use of high strength, low-alloy steel, ensures that Mercedes-Benz monocoque body shells are not only light, but are also outstandingly strong. Such a highly rigid shell is the basic safety element,

> its front and rear sections designed to yield progressively in major accidents. They absorb kinetic energy and divert the full force away from the passenger safety cell. Strong cross-members are built into the floor pan to stiffen further the safety cell's resistance to side impact. Additional single section

roof frame cross-members enhance the total load bearing capacity of the roof in front, side and roll-over impacts.

HOW THE USE OF AIR CAN REDUCE INJURY RISK

All inertia-reel safety belts fitted to the front seats of Mercedes-Benz cars, have electronic belt tensioners as standard. Above a predetermined level of impact, the tensioner is activated and pulls the belt taut around the body in milliseconds, reducing forward movement of driver and front seat passenger.

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Therefore, Mercedes-Benz also offer FROM IMPACT SIGNAL TO INFLATION IN 21 NILLISECOND. an electronically controlled airbag that is neatly stowed in the steering wheel hub. This innovatory safety feature has been available since 1981 and is already fitted to 400,000 Mercedes-Benz cars. A normally invisible guardian, it inflates in milliseconds, under impact, to cushion the driver's head and greatly reduce the risk of chest injuries. Further proof that the Mercedes-Benz commitment to safety is uncompromising, and continues unabated.

is therefore dissipated by being trans-their cars for the accident

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Mercedes - Benz conduct a crash test every three days, on average. Because safety research is an integral part of the Mercedes-Benz design process, many tests are conducted on components and prototypes prior to full scale production of a

Mais (

new model. Consequently, the safety development team are well placed to impose their priorities on the fundamental design of a car. Today's Mercedes-Benz models are the most thoroughly tested and safest the company have ever built.

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severe accident injuries to the feet, the pedals are designed to swing away from the driver on impact.

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FINANCIAL TIMES

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Wednesday January 18 1989

Loyalties in banking

FIVE YEARS ago it would have been unthinkable for a also for its readiness to back major British clearing bank to Elders in its hostile bid for promise to finance a consor-tium whose ultimate membership remained uncertain and whose aim was to bid for one of Britain's biggest industrial companies. Even today Bar-clays' decision to risk its relationship with the General Elec-

tric Company in this way looks surprising, if not quixotic. Clearly the bank's position tovolved a potential conflict of loyalties, since it enjoyed rela-tionships with both sides in the hotly contested bid battle between GEC and Plessey. But unlike merchant banks, whose role in contested takeovers usually leads to an explicit choice being made where two of the bank's clients are at log-gerheads, clearing banks have hitherto managed to avoid taking sides in most of the more contentious bids. What then, has brought about this change?

Exceptional features

There are, of course, exceptional features in the present situation. One is the sheer size and importance of the company involved; another, tha presence of GEC's chairman, Lord Prior, on Barclays' board before the leak about the consortium's financing plans. That said, the arrival of American-style leveraged (highly bor-rowed) tekeover bids in Britain means that the banks are con-fronting a new and unfamiliar

In the US highly leveraged deals are providing the com-mercial banks with an increasingly important source of business. If there is a comparable boom in leveraged financing in Britain, the clearing banks will be handing over substantial profits to their foreign competitors if they continue to sit on the fence in bid battles.

The Big Four British clearing banks did not participate in some of the earlier attempts to put together leveraged bids for large British companies, such as Elders IXL's assault on Allied-Lyons. More recently, however, there have been signs that attitudes might be about

One of the smaller clearers, Royal Bank of Scotland, has been at the centre of controversy over its willingness to finance the failed bid for Distillers, a longstanding cli-exclusive.

also for its readiness to back Elders in its hostile bid for Scottish & Newcastle, a client with which it had boardroom

One may sympathise up to a point with industrialists who feel that treachery is afoot: Barclays, after all, enjoys Barclays, after all, enjoys implicit protection from hostile takeover, courtesy of the Bank of England. But the fact is that traditional banking relationships have been eroding for a considerable tima due to the pressures of deregulation and the tendency for large corpora-tions to by-pass the banks and go direct to the markets for funds. Companies have been only too happy to play one banker off against several oth-

Cut-throat market

GEC is regarded by some in the banking system as a com-pany that places greater emphasis on obtaining fine terms in a given transaction than on longer term relation-ships. And the fact that a lead-ing foreign bank was prepared to leak Barclays' plans to GEC – presumably with a view to winning brownie points and business — is an eloquent indi-cation of bow cut-throat the banking market has become.

If leveraged bids are to become a more familiar part of the British financial landscape the clearing banks will be forced to make difficult decisions more frequently on con-flicting loyalties; and in doing so they cannot ignore their responsibility to shareholders. Inevitably, there will be emo-tional criticism from those industrialists who find themselves on the wrong side of the

In those circumstances the banks will need to clarify the nature of existing relationships and provide reassurance to cli-ents as to the effectiveness of their Chinese walls — internal barriers against the abuse of confidential information. And tbe regulatory authorities should consider whether there is a need for greater precision in the rules on the timing of a bank's revelation of its parti pris. But the industrialists cannot have it both ways. Transaction-based banking and endur-ing loyalty are mutually

Flaws in the Paris market

FRANCE HAS successfully modernised and liberalised its financial markets and practices, but it has not yet man-aged to dispel the lingering breath of corruption and malpractice. If it is to realise its ambition to make Paris the leading financial centre of continental Europe, the French Government must now strengthen the rules for these markets and the means of enforcing them.

The almost total abolition of exchange controls, the ending of credit restrictions and the removal of many forms of gov-ernment loan subsidy have given a new freedom to Paris bankers. The government debt market is now a model for other countries and the stock exchange has broken up its closed shop. Government attitudes to foreign investment, meanwhile, make France one of the more open takeover markets in Europe.

The modernity of the market, however, is not the only issue. The affairs of Société Générale and Pechiney, one privatised and the other still in state hands, have aroused allegations of improper dealing and raised the question of the market's transparency.

Open support

Société Générale, the largest commercial bank in the private sector, was the target in October and November of an attempt by a group of financiers to gain control of the company with the implicit backing of the French Government, and the open support of the state financial institution, the Caisse des Dépôts, guardian of the nation's post office

savings accounts. The affair alarmed other managements, both French and foreign, who perceived a message about the Govern-ment's willingness, despite its commitment not to renationalise companies, to manipulate the control of publicly listed companies through the stock market.

It also raised questions about tha use which French fund managers, including the Caisse des Dépôts, make of their cli-

ents' money. A more rigorous separation of fund manage-ment from broking and corporate finance activities must be one of the most pressing priorities for reform.

Pechiney, the aluminium producer, is at the centre of insider trading allegations inked to its purchase in November of American National Can, the packaging company, from Triangle Indus-tries of the US. After a tip-off from the Securities and Exchange Commission in New York, France's own stock market supervisor, the Commis-sion des Opérations de Bourse has launched an inquiry into the Pechiney affair.

SEC pressure

In the past, the COB has had scant success with insider trading charges. If it does produce results this time, the French media will assume that this was only because of pressure from the SEC, widely viewed in France as more ruthless and independent than its French

These assumptions may not be fair. If the SEC has recently scored some dramatic successes against insider trading, that is partly due to a lucky tip-off and partly to the possibility of exacting collaboration from its targets through pleabargaining. That possibility does not exist to the French legal system.

It is, nevertheless, clear that the COB's powers, strengthened only a year ago, are still in need of reinforcement. When a market place changes and expands as rapidly as Paris has done in the last four years, the old club rules start to break down, if,

indeed, they ever worked. The new rules need to be clear and enforceable, with strong authority in the hands of the COB. Still more important is the need for the French Government to make clear its relationship to the stock mar-ket. So long as the Government is thought to be manipulating the market through one arm, the Caisse des Dépôts, it will not be possible to prove the independence of the other, the

hese are heady days in the Republic of Ireland, Mr. Charles Haughey, the Prime Minister, in power since February 1987, has never been more popular. The governing Fianna Fail Party, though without a majority in the Dail (the Irish parliament), appears to be firmly in control of the political mid-

dle ground.

There is talk of an economic revival, even a boom. Irish exports, at more than I£ 2bn (£1.7bn) have just had their best year ever. The trade surplus in 1988 is estimated at more than IS 2bn, compared with a deficit of It 1.7bn in the early years of the decade. The balance of payments situation has improved dramatically with a surplus being recorded for the first

time in 20 years.

Inflation is running at about 2 per cent, well below the average for the European Community. Manufacturing output is up 10 per cent, order books are full and there is evidence of increased investment in Irish industry. A 2 per cent growth in constant. try. A 2 per cent growth in gross national product is predicted over the

next year.

Confidence has certainly returned. Over the last 12 months the Dublin stock market has performed better than most markets outside the Far

An almost complete relaxation of An amost complete reasonant of exchange controls, with no sign of capital flight, was one of the most significant moves of the last year and an indication of Ireland's financial maturity. The punt (the Irish pound) has retained its value within the

has retained its value within the European Monetary System.
Irish interest rates seem to have finally decoupled themselves from British rates, with rates at present a full 5 per cent below those in Britain. Property prices have been rising fast in the last six months, particularly in the more attractive parts of Dublin.

There is a tendency, however, for records to believe their own urons.

people to believe their own propa-ganda. Among the men of Dublin's money market any talk of clouds on the economic horizon is regarded as sacrilege. But there are sceptics. Ireland is on the upturn well after most countries in Europe. Any significant drop in the pace of expansion in other economies, particularly in Britain which still accounts for 35 per cent of total Irisb exports, could leave reland stumbling. A fall in the value of sterling would immediately blunt the competitiveness of Irish exports. Mr Hangbey's Government is

caught between preaching caution and bolstering confidence in Ireland's and bolstering confidence in Ireland's economic future. Sbortly before Christmas, he once again outlined the serious debt problems which have built up over the last 15 years. The total national debt now stands at If 25bn. Debt interest payments take If 2bn a year — equivalent to If 2,500 for each taymayer.

for each taxpayer.

Large cuts in government spending over the past two years have halved the exchequer borrowing require-ment. But Mr Haughey cantioned against any relaxation in effort or any handouts in Ireland's next budget, due next Wednesday.

"This is a situation about which we

must be very firm and extremely careful. Otberwise everything that has been achieved by sacrifice and discipline could be very quickly lost again, and we would be back into the old appalling stuation where we had to becrow just to keep roing." Mr borrow just to keep going," Mr Haughey said.
The budget will inject some money

into the economy. Some concessions on tax rates, which are among the highest in Europe, are likely. A start has been made on reforming the tax system, long seen as inequitable and discriminating against the wageearner. Improved collection procedures and a tax amnesty brought an unexpected I£ 500m windfall to the

The problem now, in an economy which has traditionally been state-led, is how to achieve more growth while



Time for caution amid the optimism

Kieran Cooke looks at prospects for the Irish economy in advance of Dublin's budget day next week

continuing to keep a tight rein on public expenditure. Cuts have already caused severe damage, particularly to the health service, heland is faced with making a judgment of the scale of health, education and welfare services it can afford. Wholesale expansion of spending in these areas in the mid-1970s was, in large part, responsi-ble for the accumulation of today's

Source: OECD

In 1971-1981 public sector employ-ment increased by an average of 41/4 per cent per annum. Average pay in the public service nearly doubled between 1978-1981. People have come to expect a certain level of state ser-vices: further cuts could cause political difficulties.

The unemployment rate, at 18 per cent, is among the highest in Europe. Emigration threatens to become a permanent and debilitating feature of Irish society. In the past when there has been good economic news, emigrants have returned. This is no longer the case. Each year between 30,000 and 40,000 people, mostly young and edncated, are going abroad. Lett behind are many of the long-term unemployed and unskilled.

Mr Haughey says Fianna Fail has a caring social philosophy. Yet a number of recent studies point out that 750,000 people, or more than a quarter of Ireland's population, live in poverty. The studies also show that Ireland is becoming an increasingly unequal society and that social mobil-

Mr Haughey - like Mrs Thatcher

in Britain — is trying to bring about some fundamental changes in the Irisb economy. The state is disengaging itself from some areas of activity. ing itself from some areas of activity. The role of the private sector is continually emphasised, along with competitiveness and productivity. Big husiness has been given its head.

Not so long ago Mr Haughey was a much-pilloried figure in business circles. Today he is the toast of many Irisb board rooms. The unions have not been contonted, but have been

not been confronted, but have been tamed, for the time being at least. A Programme for National Recovery, specifying limitations on wage rises, has been agreed between workers and Government. There was less indus-trial unrest in Ireland last year than

at any time since the early 1960s.
But a recent book* by a team of economists headed by Professor Kieran Kennedy, Director of the Dublin-based Economic and Social Research Institute, points out that many of Ireland's economic problems are deep-rooted.

The popular perception in Ireland is in 1921, the country was in a dire state after centuries of British domination and neglect. A new dawn had arrived. "The state began with the notion that economic success was virtually antomatic once self-govern-ment was attained," says Professor Kennedy. From the beginning the state was looked on as provider and politicians were seen as patrons.

Professor Kennedy says that while

incomes were only about 60 per cent

of the British level, Ireland was, in fact, in better economic shape in the 1920s than most European countries. A fundamentally conservative society, Ireland did not adapt or adjust to new realities.

Though there has been progress since independence, economic performance, particularly compared to other European countries, has been medicare. Ireland is now one of the poorest countries in western Europe with only Greece and Portugal in an inferior position.

According to Professor Kennedy, the indigenous industrial base remains perilously weak, the majority of farms are still not viable enteron farms are suit not viable enter-prises (15 per cent of the workforce is employed in agriculture), and an enduring problem of labour surplus has not been tackled. Total employ-ment is now 12 per cent less than in the mid-1920s. Entry to the European Community in 1973 brought only tem-porary gains: total employment has fallen by 100,000 since 1980 and is now llen by 100,000 since 1980 and is now back to the pre-1973 level.

Ireland has consistently failed to come to terms with either the limitations or the opportunities posed by its small economy. Ireland has falled to learn from other smaller economies, particularly in Europe.

There has been excessive reliance

on foreign enterprises, too much dependence on the state and a lack of individual and local initiative. Indigenous firms have usually chosen to expand overseas rather than invest at

critics accuse the Government of squandering public funds on attracting overseas firms while ignoring the needs of local, small-scale industry. The situation has changed recently: there is now less emphasis on financial incentive packages to attract forcing firms.

eign firms. But the chief impediments to eco But the chief impediments to eco-nomic development in Ireland have been "people related rather than finance related," says Professor Ken-nedy. The country's leaders have not learnt from past mistakes: ad hoc poll-cies have brought either boom or bust. The "spend, spend, spend" poll-cies of 10 years ago (supported by some of those now in power) have resulted in a national debt that is a major constraint on further develop-ment.

ment.
However, there are optimistic signs, even if they are not quite as bright as the Dublin financial world would the Dublin financial world would wish. Professor Kennedy says there is now much greater recognition of the constraints and opportunities facing Ireland. The country's export structure has changed and significant new opportunities are available in the European Community. Structural and regional funds from Brussels will provide a big fillip to investment, though much needs to be done in the planning subere.

much needs to be done in the planmuch needs to be done in the planming sphere.

Ireland is still a highly centralised society: recent cuts have meant that almost all financial decisions go through the Ministry of Finance in Dublin, with regional hodies having little or no say in the allocation of funds. However, underlying weaknesses are being tackled in areas like transport, and vital linkages are being made in the domestic economy, particularly between producers and processors in the agribusiness sector.

Ireland has developed a niche in certain areas of industrial activity such as printing and advanced computer software products. It still has a surplus of skilled labour at a time when the UK and other European economies are experiencing labour shortages in the more specialised industries. Industrial and management skills have improved considerably.

ment skins have improved consuma-bly.

In recent months there has been a slight improvement in the employ-ment situation. But Mr Haughey and his Government will have to dampen down any talk of an economic mira-cle. Already there are signs of increased consumer spending and ris-ing imports. Ireland still imports nearly 60 per cent of goods used in the nearly 60 per cent of goods used in the country and the trade surplus could quickly revert to a deficit if spending gets out of hand. Unions could become restless if they feel they are

missing out on a new presperity.

In the political sphere there are potential leadership problems for Mr. Haughey, Though kept away from the public eye by his skilful minders, the Prime Minister is still suffering the after effects of a serious bout of ill

after effects of a serious bout of in health late last year.
So too is his second in command, Mr Brian Lenihan, the Minister for Foreign Affairs, while Mr Ray Mac-Sharty, who as Minister for Finance was the architect of the recent finan-cial writer! heat of the Paristella cial revival, has departed for Brussels to be the Community's Commissioner for Agriculture.

At present the opposition seems overawed by Mr Haughey's newfound popularity. But banana skins are a common feature of Irish politics and over-confidence could lead to a dra-matic fall. Steady, plodding economic progress and political stability is needed. Any serious surge in con-anmer spending or a political unheaval could mean a return to the problems of only two years ago when Ireland's difficulties seemed of Latin American proportions.

*The Economic Development of Ireland in the Twentieth Century, Contempo-rary Economic History of Europe series, Routledge, £12.95.

Watchdogs' watchdog

■ Sir Gordon Downey says that he gave up his post after six years as Comptroller and Audi-tor General to 1987 because he rather liked the idea of "semi-refirement". There was no pressure to go, no statutory

retiring age and he is only 60. Semi-retirement is how it is likely to stay, despite a succession of appointments. Dow-ney is a special adviser to Ernst and Whinney, the chartered accountants, mainly on government affairs: a task that takes several days a month. At the request of the Governor of the Bank of England, he is looking into some appeals con-cerning the Association of Futures Brokers and Dealers. And yesterday he was named the Ombudsman for The Secu-

rities Association.

That will take about one day a week at the most, it may take even less if there are no appeals. For like the Parliamentary Ombudsman, Downey will be operating at arm's length: appeals will normally only come to him if complain-ants are not satisfied by The Securities Association's own complaints body which has six full-time officers. Last year there were about 2,300, around half of which turned to be little

more than inquiries. Thus Downey will be the watchdog of the watchdogs. "Tve been an independent watchdog much of my life," he says. He had toyed with the idea of writing a book, but it remains a gleam in his eye. Otherwise, it is reading, theatre, galleries and travel "and a few other things in the pipe-

Bupa in Spain

■ David Shaw apologises for not speaking Spanish. Three months ago he was running Bupa's private health insurance business in Hong Kong. This week he took over at Sanitas, Spain'a biggest private

Observer

health group, which has been acquired by Bupa. It is one of the biggest Brit-ish investments in the Spanish services sector, outside the banks. Sanitas has about 20,000 doctors under its command.

Shaw is 54, very tall and a graduate of the Dartmouth Navai Academy. He arrived at Bupa in 1966 by way of an advertisement he placed to The Times after an import-export business he worked for in Japan came to grief. He returned to the UK, first as a branch manager, then as a regional manager in the West and South. His last UK job was as Administrative Director of

as Administrative Director of Bupa medical centres. He returned to Hong Kong and last year set up a joint venture with Sime Darby to sell medical insurance in South East Asia. That had hardly got off the ground before he was off to Madrid. He says that he will now learn Spanish and find somewhere to live.

Radical pop

■ Cat Stevens, the pop singer, is up in court in the Gaza Strip, at least in absentia. Stevens is a convert to Islam

and nowadays prefers to be known as Yusuf al-Islam. During a visit to Jerusalem last year, he was highly critical of Israel's handling of the unrest in the occupied territories. It was alleged in an Israeli military court in the Geza Strip this week that he had gone much further and given about £4,000 to the fundamentalist Islamic movement,

Hamas. Hamas is bitterly opposed to the current peace moves of Yassir Arafat, the PLO chief, and wants to replace Israel with an Islamic state.



"Apart from Sierra, name me

Mulholland

■ When a Canadian financial newspaper asked William Mul-holland to recommend some summer holiday reading, the outgoing chairman of the Bank of Montreal submitted a list of 20 titles, including two biographies of Churchill Mulholland succeeded the Royal Bank's Rowland Frazee as Canada's best-known and most colourful banker.

In 10 years as chief executive, the former US marine and Harvard graduate, who was born in Albany, New York, has applied his energies to mixed effect. The hank surged ahead of its five principal domestic rivals in performance terms during the early part of his mandate, but is now lag-ging with the worst ratio of net LDC loan exposure to equity of the six. The bank's problems have

been widely attributed in part

retaining the loyalty (and services) of senior executives. The upper echelons of several lead-ing Canadian financial institutions have become peopled over the years with prominent ex-Bank of Montreal staff. Still, he leaves the bank with

to Mulholland's difficulty in

a firm footing in the US market through the Chicago-based Harris Bankcorp, acquired in 1964. It has also moved deci-sively into the securities busi-ness by purchasing control of Neshitt Thomson, the investment dealer. Mulholland says that he

intends to remain in Canada, retiring to his "windswept" Ontario farm. He is even con-sidering taking out Canadian

Staying home ■ Mikhail Gorbachev will not

be reinstating his visit to Britain – cancelled to Decem-ber because of the Armenian earthquake – in the immediate future, after all. Leonid Zamyatin, the Soviet Amhass dor in London, has assured Margaret Thatcher, however, that he still hopes to come as soon as possible.

Two reasons are given in Moscow for the delay. One is a daunting domestic agenda: the Soviet leader's perestroika programme is facing a critical period both politically — with the country's first "democra-tised" elections due on March 26 - and economically.

The second factor was more

sensitive: Fidel Castro's Cuha was upset that the Soviet leader was planning to rein-state his London visit, but not his trip to Havana, cancelled at the same time in December. Rather than offend his ally, Gorbachev put off the lot.

Spooky

The owner of an unoccupied house in Birmingham put up a notice: "Beware, this house is haunted." Someone has written underneath: "Looked after by skeleton staff."



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Alice Rawsthorn looks at the design industry's expansion into the global market

A blueprint for growth

nly a few months ago the executives of Addison Consultancy were winging their way across the Atlantic to inspect the latest addition to their design interests. Today they are squashing speculation that Addison is a take-

over target.

If the takeover rumours are true, the UK marketing group will become the first casualty in the battle for the 25bm world design market. In the last year or so, the design industry has been embroiled in a flurry of acquisitions and affiliations as the leading players have extended their activities into new global markets.

So far the international networks have met with mixed success. Some

have met with mixed success. Some companies can cite success stories of companies can cite success stories of lucrative international contracts and ambitious expansion plans. But Addison is not the only one with problems. WCRS, the UK advertising agency which diversified into design two years ago, faces difficulties in design on both sides of the Atlantic and in Australia. Landor international, the only truly global design group, recently had a global design group, recently had a round of redundancies at its headquarters in San Francisco. Nevertheless, the acquisitions and affiliations continue. Scarcely a week goes by without one of the leading US or UK design companies amouncing yet another new deal to move into a new market.

The reticule for the constitut of the

The rationale for the creation of the international design networks seems simple. The design industry — which overlaps with commercial architecture -- is composed of thousands of companies commissioned to produce corporate identity, retail, packaging and product design schames. (According to industry estimates, interior design, including shop design, generates £1.0hm of world-wide fee income a year. Product and graphic design generates another 20.9bn.) The activities of the industrial groups that form the design industry's client base are becoming increasingly international. And the recent wave of cross-frontier mergers and acquisitions

Traditionally design companies have handled international projects from their domestic bases. But these projects have become increasingly complex. The new breed of multinational needs to deal with a design company capable of offering a sophisticated project manage-ment service worldwide.

has created yet more multinationals in

Yet the design industry is still split between thousands of tiny firms in doz-ens of different countries. There is no infrastructure of consultancies in many of the European markets, like France and Italy, because design is still regarded as an in-house function. Even in the US, where awareness of design is most advanced, the industry is highly fragmented. The only truly international design network is that of Landor, the privately owned DS group that has expanded into Europe and the Far East step. After all, so the theory of global

to assemble such networks.

Among the UK companies, Wolff Olins has formed affiliates in Spain and Denmark. It has opened a US office on the West Coast and is now looking for e base on the East Coast, Earlier this

from its original base of a ferry in San Francisco harbour.

This scenario of increasing demand and e shortage of supply has created an opportunity for global networks of design companies to service the multinationals. The leading design companies to the US and the UK have started to the usual to the UK have started to the usual to the usual to the UK have started to the usual to t world's biggest design group by buying businesses like Anspach Grossman Por-tugal in the US and Stewart McCoil in the UK. WCRS has added Heller Breene and Corporate Graphics in the US and Lunn Dyer in Australia to its UK design



year Michael Peters acquired Hambrecht Terrell, one of the leading US retail designers. Minale Tattersfield added a joint venture to Australia to its

Japanese and European interests.
Fitch has also returned to the international arena. Five years ago it closed its offices in the Middle Rast and France. The Middle Eastern market had collapsed with the oil price. The French business had never really taken off. "They would not pay the kind of fees that our work justified and were not prepared to enter into the long-term relationships we had developed with our UK clients," said Mr Ian Cochrane,

group managing director.

Fitch is convinced that attitudes have changed. This summer it ventured into the US by buying RichardsonSmith, a product design specialist. It is now con-sidering opening new offices in Europe.

sion has been accelerated by the emer-gence of the giant UK advertising agencies - Sastchi & Sastchi, WPP and WCRS - as forces in design. Throughout the 1980s these companies have made the most of a receptive stock market - at least mill the 1987 crash - to turn their original advertising agencies into global marketing empires.

interests. Addison expanded its US activities this spring with the acquisition of Corporate Annual Reports.

Meanwhile Saatchi is using its agen-

cies around the world as a base from which to build a design network around Siegel & Gale, the New York corporate identity specialists it acquired three years ago. Siegel & Gale has already opened offices in London and Sydney. Its global plan involves opening eight offices in Europe, together with joint ventures in Japan and South Korea, by

the end of the year.

Tha expansion of the established design companies, coupled with the emergence of the marketing groups, has intensified the competitive pressure within design. "Whether design compa-nies like it or not, the industry has become more complex and more inter-national," says Mr Martin Sorrell, chief

The development of the international networks has been far from easy. Mr Alan Siegel, chairman of Siegel & Gale, cites the shortage of senior personnel with experience of international pro-jects and the entrepreneurial ethos of the industry as the principal problems.

"Design companies have never been very large," he said. "The task of creating an international network, of build-ing information systems on a global scale, is formidable." In theory the involvement of the marketing super-

groups should help to overcome the design industry's structural problems. Design is, as Mr Neil Blackley, an analyst with London stockbrokers James Capel, puts it, "an immature industry" with the attendant problems of "volatile profits and poor financial controls."

Even the most successful design companies tend to be too dependent on individual clients. The stock market careers of the small band of publicly quoted of the small band of publicly quoted design groups in the UK have been characterised by erratic profits and

The new cadre of large groups with a broader spread of international interests should to theory be more resilient. If individual markets decline — as retail design is doing in the US and UK — other areas of activity should compensate. Moreover, most of the marketpensate. Moreover, most of the market-ing groups have already invested in functions like treasury management and corporate planning where design companies tend to be weak. In practice, things have not been so simple. "The structure of a large marketing group should help to strengthen its design subsidiaries, but it is no guarantee of subsidiaries, but it is no guarantee of success," said Mr Blackley. "Such a structure can identify problems earlier.

The experience of WCRS acts as a neat example. Last summer it announced that its profits from design had fallen from \$900,000 to \$229,000 in the preceding financial year. Saunders Design in the UK suffered the loss of a large contract. Lunn Dyer to Australia encountered problems, as did Heller Breene in the US. WCRS recently announced a round of redundancies at

Similarly, Addison, which barely broke even in the first half of 1988, has restructured its design companies in the UK and the US. For months it has been hounded by takeover speculation.

Among the design specialists, Landor resorted to lay-offs when it moved to its new San Francisco head office in a cost cutting exercise last year. Michael Peters has warned of slower profits growth in the second half of 1988 due to the impact on Hambrecht Terrell of the slowdown in US retail design. Yet the international players are still

forging forward with expansion plans.
"The market is as spiritedly competitive as ever," said Mr John Diefenbach, chairman of Landor. "There is no sign of the growth slowing down. If anything

The consequence of this expansion should be an increasingly polarised industry composed of numerous very small, highly specialised companies and a handful of huge international networks. Whether such an industry will really be stronger, whether the market-ing super-groups will able to accommo-date the volatility of their design subsidiaries; or whether, like Addison, they will fall prey to the traditional prob-lems of the design industry, remain to **Economic policy co-ordination**

Give the world a seat at the Fed

By Jeffrey Garten

hen finance ministers and central bankers of the seven leading industrial nations gather in early February, they will be preoccupied with plotting coordination strategy. But at a time when the dollar is on a roller constant. roller coaster, Washington'e deficits and Japanese surpluses remain totractable, and Latin American debt pressures are worse than ever, such ad hoc gatherings are no longer enough. A far-reaching change in the way governments collab-orate is needed, and building new links between central banks, in particular, is a good place to start.

On his inauguration, President George Bush will confront two facts right away. Not only will Alan Greenspan, chairman of the Federal Reserve, be the most important player in the attempt to avoid recession, inflation, a dollar débacle or another market crash, but without the closest collaboration. tion between Mr Greenspan and his counterparts in Bonn and Tokyo, America's top cen-tral banker will be hamstrung. it was not always like this.
Over most of the last decade
the Fed has been undisputed
strong man in the American
economy and abroad. But a
new era is here and the Fed
can no longer be effective alone. Because the US needs to borrow so much from overseas to finance its deficits, the setting of its interest rates must

Moreover, the relationships between the dollar, yen, and D-Mark are highly sensitive to interest rate differences in the three countries. If central banks much their melicias at banks push their policies at cross purposes, e currency crisis is never far away. We know, too, that old-fastrioned stock market panics are still possible, that advanced computers and global investors make a national crisis an international one, and that central banks acting together constitute the only real line of

be calibrated to please foreign

The Fed understands all this. of course, It maintains close communications with other key central bankers via meetings, hot lines, and all manner

of modern telecommunications. But it could do even more by taking co-ordination to a nev level. It could invite top level central bankers from Bonn and central bankars from Sonn and Tokyo to att in on the critical meetings, such as Open Market Committee sessions, at which interest rate policy is deter-mined. Of course, Americans would att in on meetings at the Bundesbank and the Bank of Japan, too.

The foreign representatives would have to be very senior

- perhaps deputy chairmen - of their respective banks. They would not have a formal vote in the Fed's decisions. But they would be expected to voice the views of their governments and be able to commit their countries to a course of action, even if it meant stepping out of the meeting for e while to check with home authorities. Having flown to Washington the day before, they would at least have the latest "feel" for the limits of their policy and could discuss whether the course America is on could be reinforced by their own actions, or whether some compromise would be essential.

Suppose, for example, that President Bush puts together a budget package that he feels is tough enough to cause a real slowdown in US growth. He might then turn to the Fed and ask for an easing of monetary policy to compensate for the cut in fiscal stimulus. Among the Fed'e many dilemmas will be whether lowering US inter-est rates, in the absence of sim-ilar action abroad, would dan-gerously weaken the dollar. At a Fed meeting with com-

terparts from Bonn and Tokyo, central bankers could hammer out whether or not these important trading partners could reduce their rates, too, or where the best compromises lay. This kind of intimate giveand-take about the most fundamental issues of national economic policymaking is surely

only kingpin currency. But it is not the stuff of dreamers or theorists. It is not, after all, a new Bretton Woods System; it is not e world central bank; it is not the forerunner of an international currency

True, such an invitation from the Fed to Mr Sumitra in Japan or Mr Pöhl in Germany could be seen in the US as e breach of American sover-eignty, foreign interference in the most sacred of national economic deliberations which determine the price of mortgages, car loans, job prosperts. But the observers would not have a vote, and this percep-tion should not be a political obstacle for long.

Others will ergue that observers would merely be eymbolic, that national decisions in Washington, Tokyo and Bonn would not really be affected. But symbolism these days counts for a lot in the arsenal of central bankers. After all, their resources are dwarfed by the money of privete investors and speculators.

In all 1988 central banks may have spent less than \$20bn in currency interventions, according to some estimates, less than the money being raised for the RJR Nabisco buyout, and certainly nothing com-pared to the \$200bn to \$300bn traded dally in the currency markets. The symbolic appear-ance of working together may in fact account for much of the central bankers' actual clout.
The most important reason

why such a limited innovation makes sense now is that eco-nomic inter-penetration among countries has far outstripped the political mechanisms avail-able to deal with it. In 1989 new tests are in store as Europe and Japan argue for a stable dollar and America aims for a more competitive one, and as Mexico, Brazil and Argentina move towards a state of de facto default — all best done face-to-face, on the spot.

A Fed with foreign observers would reflect the increasing monetary co-operation among is not only our best hope. For European nations, the growth

of the yen as a major world
currency, and, of course, the Eliot Group, an investment
decline of the dollar as the banking firm in New York.

Gas competition

From Mr Paul Richards. Sir, Lord Ezra (Letters, January 9) argues that competition in gas supply could emerge, providing British Gas pub-lishes a tariff schedule for gas prices, and assuming, too, that competitors have access to the transmission and distribution network "on fair and reason-

able terms. This may be true — but it is far from clear that competition will benefit consumers as a whole. Perhaps some customers will be served better, but it is not obvious that the benefits that accrue to them will not be out-weighed by disbenefits, and resource mis-allocation to those unable to bargain over price under e fixed schedule.

The Monopoly and Mergers
Commission undertook no analysis whatever of the real trade-offs which selective com-petition would inevitably

Housing and the RPI

From Mr John Muelibauer. Sir, Samuel Brittan (January 5) argues that the retail prices index (RPI) is distorted by mortgage interest payments. He mentions three alterna-

1. Leave out owner-occupi-ers' shelter costs altogether (which is the comparison with the RPI shown in his chart). 2. Measure them by "incorpo-rating an index of house prices into the RPI, with a weight corresponding to the proportion of households purchasing e new home to any period." 3. Measure them by an imputed rent index "based on house prices and some representative long-term interest

He says: "It feels right that some account should be taken of (house prices) in the 'cost of iving' but with the gyrations resulting from fluctuating credit costs omitted." It is a shame that he does not provide comparative estimates for the three alternatives.

Compared with 1980, the Department of the Environment's mix adjusted index of all UK house prices had risen 126 per cent by the second quarter of 1988, while the rise was 58 per cent on a base of 1985. By comparison, the average building society mortgage rate was 14.9 per cent in 1980; 13.5 per cent in 1985; 10 per cent in the second quarter of 1988, now about 12.5 per cent. If house prices had a modest weight of 5 per cent in the cost of living for 1980-1988, quarter two, would have been about 3.7 per cent greater than for the RPI excluding mortgage costs, and for 1985-1988, quarter two, about 2.4 per cent greater.

The Chancellor would have had earlier warning of inflationary pressures — though with unchanged policies the with unchanged policies the fised-through into wages about which Mr Brittan is concerned would have occurred earlier.

John Muellbauer,

Nuffield College, Oxford.

London's number is up

From Mr Simon Haslam. Sir, With reference to your article on the future of London's "01" telephone prefix

capable of handling for the foreseeable future. A further telephone area, Greater London, needs then to be created. code number (January 9):

The 01 code sbould be reserved for Central London – a circular area containing the number of lines the 01 code is

London Life/AMP merger will carry a restriction

entail, but merely asserted that it would be a good thing to have. It is patently obvious that terms for access to the gas network cannot be prescribed using simple cost-based rules — except to the detriment of the prices to existing custom-ers and the return to share-

ers and the return to share-As members of London Life who consider that a merger with AMP would not be in the with AMP would not be in the long term interests of its members, we advance some of the to look at the experience of the intended partner.

The circular contains no

holders.
Settling the terms of common carriage is probably well outside the competence of Ofgas and will always be subject to dispute. Perhaps the privatisation of British Gas giving it complete freedom in non-domestic pricing was mistaken, but the introduction of limited competition using arbitrary bers, we advance some of the arguments against the merger.

If the merger is approved ultimate control will rest with the AMP Board. The new London Life circular shows that AMP'e by-laws contain e provision which prevents members resident ontside Anstralia, however great the number of votes to which they might otherwise be entitled, from ever constituting more than 39 per cent of the votes cast on any resolution or on the election of competition using arbitrary and contrived rules on carriage, and constraining British Gas in pricing, are no panacea either. Paul Richards, 72 Teddington Park Road, Mid-

a director. Such a restriction strikes at the heart of the principle that a corporate body should be controlled by its members.

 The past record of AMP both in relation to its overall business and its UK business gives no reason to believe that the merger would provide the strengthened management of which London Life stands in

Proportion of expenses to premium income London Life 17.7% 19.0% AMP UK 45.4% 49.3% AMP Worldwide 18.9% 18.3% Equitabla Life 8.4% 8.4% ares given are for the last two years

We believe that members should bave been provided with a simple comparison of the ratio of expenses to premium income between AMP, London Life, and Equitable Life which has announced its

From Mr Anthony Temple, Mr Julian M.E. Byng and Mr Stephen Walkley.

Sir, On January 7 you carried a prominent advertisement issued by London Life, urging support for the proposed merger with Australian Mutual Provident (AMP).

As members of London Life appearance of London Lif the light of its prediction that the merger would reduce the operating expenses of London Life, we suggest it is relevant

cent of the votes cast on any London Lifa members, in the final analysis, are being a director.

asked to back the judgement of their board.

The capacity of the board to make e wise judgement must be open to question. In particu-lar, the present board has evi-denced a settled determination to rush through a proposal fun-damentally affecting the future rights of members in circum-stances which are now well known.

known.
The statement from Equitable Life makes it clear that if the Board of London Life would re-approach Equitable Life, further discussions could take place. On the assumption that those discussions would that those discussions would proceed on the same basis as last year London Life members could become full members of that Society. Substantial cost savings would be immediate. London Life policyholders would be served by Equitable's management the nest record. management, the past record of which is outstanding. Anthony Temple, Julian Byng, Stephen Walkley,

011, or 071 if the former is tre" as the sorting criterion impracticable). impracticable).
On the understanding that
the present 01 dialling prefix
area needs to be divided, this
solution will avoid the obvious arguments arising from a north-south/east-west dissec-tion; using "proximity to cen-

seems e fairer method. Tele-phone directories need not be greatly disrupted, as the relevant codes can be printed in front of the main numbers. Simon Haslam. West Wing, Burnopfield Hall, Burnopfield, Durham.

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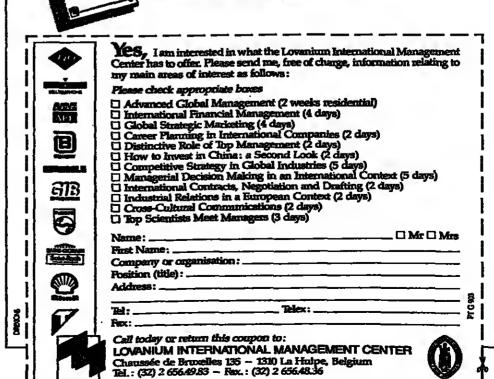
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Moscow hurries to beat Afghan deadline

Robin Pauley analyses diplomatic manoeuvres surrounding the troop withdrawal

the Soviet troop with-drawal from Afghan-istan must be under way if it is to be completed by the dead-line of February 15 agreed at last year's UN sponsored nego-tiations in Geneva. The Soviets have always said they need four full weeks to get their remaining 50,000 troops out.

In recent weeks all parties to the Afgban war bave been engaged in frantic manoeuvring and diplomatic brinkman-ship. Mr Yuli Vorontsov, first deputy Soviet foreign minister and Soviet Ambassador to Kabul, warned that the withdrawal deadline might be missed. This was because the Afghan Mujahideen resistance Afghan Mujanideen resistance groups were continuing to fight and refusing to consider the inclusion of the People's Democratic Party of Afghanistan in any broad-based council set up to consider the country's political future.

But diplomats in Kabul have noted growing evidence that a major Soviet withdrawal has been secretly under way for some time and was indeed in full flight as Mr Voronisov was threatening that the pull-ont might be delayed.

Whatever some of them say in public, the Soviets appear determined to be out of Afghanistan by the deadline. President Mikhail Gorbachev underlined this determination to both President Ronald Reagan and the UN during his trip to New York in December and Soviet officials have told the Chinese Government the same. Preparations are under way for the first Sino-Soviet summit in 30 years, probably in Peking in May, and this could be jeopard-ised if the Soviets back down

on their withdrawal commit-

By Ivo Dawnay in Brasilia

THE DISMISSAL of thousands

of civil servants - a major ele-ment in Brazil's new anti-infla-

tionary economic programme-

looks almost certain to be

revoked after the surprise deci-sion of President José Sarney

to leave the last word to Con-

mated 60,000 public employees

not entitled to full job security

would be summarily sacked

outside Congress's jurisdiction. However, Brazil's Official

Journal revealed yesterday that the decision had been

newly designated a "provi-sional measure", allowing Con-gressmen the right to accept or reject it. As thousands of the civil servants liable to be

affected are political appoin-tees, analysts believe it is

extremely unlikely that the

Under the proposal, an esti-

ODAY the final phase of ments. The Chinese have made a Soviet exodus from Afghanistan one pre-condition for restoring Sino-Soviet relations. The Soviets are determined

to avoid the panic and humiliation suffered by the US forces in the last weeks of their withdrawal from Vietnam. The weather is bitterly cold, and the exit road from Kabul through the Salang Tunnel and the Salang pass has already been closed on some days by snow. Best use has to be made

of it when it is open.

An equally important reason for a rapid secret exit now may be to give Mr Vorontsov more diplomatic room to manoeuvre. If a large proportion of troops it a large proportion of troops have already gone secretly it could enable him to put great pressure on the Mujahideen to compromise by announcing a complete halt to the pull-out at some point during the next month. This could be prolonged in the knowledge that the withdrawal could still be completed on time. completed on time.

Mr Vorontsov has appeared anxious to prevent his coun-try's total military defeat in Afghanistan being accompanied by a political defeat. To this end the Soviet Government decided to dump its pappet regime in Kabul headed by President Najlhullah and remove virtually the entire cabinet from the country.

But in return the Soviets want a role for the ruling PDPA party in a broad based council of Aighans to consider Afghanistan'a political future. The refusal of the Mujahideen alliance to entertain this idea has surprised many diplomats; it would allow the Soviets to depart with some face but would also allow the Mujahi-deen later to exclude the PDPA

measure will be approved.
"There is absolutely no way

the Congress will agree to

these sackings," said Mr

Ricardo Nohlat, a Weli-re-spected commentator.

spected commentator.

If the dismissals are thrown out, critics of the Government are certain to claim that it has failed to accept its share of the widespread aacrificas demanded of society by the

The fact that the status of the measure was changed with-

out warning, apparently by the office of the Chief of Staff, in effect, Mr Sarney's inner Cabi-

net, will raise questions about the extent of the President's commitment to tackle govern-

A Finance Ministry official confirmed the change yester-day but denied that rejection of

ment spending rigorously.

new Summer Plan.

Brazilian sackings likely to be revoked



from any final government and perhaps even eventually to proscribe it.

But the Mujahideen leaders argue that they see no need for any compromise with the Soviets. In addition to fighting the Soviet occupation for nearly a decade they have been fighting for much longer against the communist PDPA. However, the resistance groups – seven based in Pakistan and eight, less significant, based in Iran – still have no agreed political

plan for the country.

Their assumption that they can now ignore the Soviet Union could backfire seriously. The Soviets could leave President Najlbullah in place, advise him on how best to run a "Fortress Kabul" with Afghan government troops already withdrawn to the capital from other areas, and attempt massive re-supply of the Afghan Army from the

the measure by Congress was inevitable. He acknowledged,

however, that the dismissals

were an important element in

tha programma, which includes a price freeze, the de-indexation of the economy and strict limits on federal spend-

Attention was shifting yes-

terday from the initial reac-

tions of consumers and busi-

nessmen to the package to

Leaders of the two rival

mion confederations, the left-wing Central Unica dos Trabal-hadores (CUT) and the more moderate Confederação Gen-eral dos Trabalhadores (CGT) have already agreed to adopt a

joint strategy to combat the plan but have stopped short of calling a general strike.

The problem for the Soviets with this idea is that the Mujahideen might quickly capture or disable the main airports. This would make getting President Najibullah and his cabinet out of Rabul very difficult. Massiva resupply, if possible, would attract the sort of accusations of war-by-proxy and international condemnation that President Gorbachev is

trying to avoid.

The problem for the Mujahideen is that they could be faced with having to take Kabul by force, which would entail very heavy civilian casualties. The city of 1m has applied to more than 2m dur. swelled to more than 2m dur-ing the conflict. Mass civilian righte casualties in the capital could further alienate the capital'a more educated and professional classes, making future government even more diffi-

A vital unknown factor in the current calculations is the destination of the mass Soviet movements. They are clearly leaving many areas of Afghan-istan, grouping in Kabul and then moving northwards. But are they going all the way home or are they stopping in or around Mazar-E-Sharif, an important northern city close to the Soviet-Afghan border? If they are stopping in Mazar-E-Sharif they could be organising the Afghan Army into a stronghold there and preparing to leave all their weapons and ammunition behind, giving the regime an alternative fortified centre, close to and easily supplied

from the Soviet Union. This would pose a serious problem for the Mujahideen leaders. It would raise again the spectra of a divided Afghanistan with the regime

They claim it will mean a further real cut in salaries and

due in November, political leaders' reactions have been

either sceptical or hostile. However, politicians face a dilemma over how to respond.

Under the new constitution,

Congress has only a month to

approve the package. If it falls to do so the plan falls, leaving the legislature responsible for

the economic chaos that would

Most political commentators

believe Congressmen will opt to approve, if reluctantly, the main measures while empha-sising that its provisions are the work of the Government

and cannot be deemed the leg-islature's chosen solution to the economic crisis.

With presidential elections

economic recession

inevitably ensue.

clinging on to a northarn region and the Mujahideen controlling the rest of the country. The northern area could be supported by tha Soviet Union, and contains the country's only gas reserves and pipeline from them into the Soviet Union. It would also keep a non-fundamentalist barrier between the Mujahideen and the Soviets' Asian repub-

The likelihood of this hap-pening remains remote but the Mujahideen determination to humiliate the Soviets to the last means it still cannot be

There are reports that senior PDPA members have already been allocated apartments in Mazar-E-Sharif and some families and household possessions have already been relocated Other indications that the

end of the war is near for for-eigners, if not for Afghans, includes the departure of most of the Soviet civilian advisers and their families from Kabul, and the reduction of the Soviet Embassy staff to 100.

One report says that so many senior Afghan staff of the United Nations in Kabul are in Delhi for "medical treat-ment" that some UN agencies cannot function fully. Most are former civil servants anxious about their fate

More diplomatic "illnesses" are inevitable and the move-ments of the cabinet will be watched closely in the next month. Mr Abdul Wakil, the Foreign Minister, travels almost incessantly and Presi-dent Najibullah is thought to visit Moscow, under orders, at least two or three times a month. The expectation remains that one day soon they may not return to Kabul.

Delors calls for new Efta links Continued from Page 1 in love with the single man

m love with the single mar-ket," he quipped.
Earlier, Mr Francisco Fer-nandez Ordonez, the Spanish Foreign Minister, ontlined Spain's priorities for its six-month EC presidency.

He stressed the need to bring security and defence issues

security and defence issues more into EC foreign policy discussions, and to further peace in the Middle East.

The EC "troika" of Spanish,

French and Greek foreign ministers would receive Mr Yassir Arafat, the Palestinian leader, in Madrid on January 27 and visit Egypt, Syria and Jordan between February 11-13.

● A call for an independent pan-European body, similar to Britain's Monopolies and Merg-ers Commission, to ensure impartiality in the new European merger rules being drawn up in Brussels, was made in London yesterday. Page 7

Hard-boiled

Continued from Page 1

At the height of the Armenian demonstrations, a Russian delegate is reported to have solicited the advice of

It heardly comes as a surprise to hear therefore, that an ex-Russian prince, now a member of the US delegation, was given the task of checking the compatibility of the six-lan-

ference document.

Whatever the continuing violations of human rights in some countries, the so-called Helsinki procesa, which started with the signature of the Final Act in the Finnish capital in 1975, has now gone on so long that it has hred a quite special sense of togetherness between delagates from the 35 participating countries. But it is not only the CSCE which has been going for a

US, Britain warn Moscow over rights

comed the concrete steps which the Soviet Union had taken to release prisoners and permit more emigration, one

"The Berlin Wall mocks all our work to remove barriers to human contact and under-standing," Sir Geoffrey said.

The British Foreign Secretary particularly emphasised the need for the Soviet Union and the other Eastern European countries to implement institutional changes which would enshrine human rights in national law, as promised by Mr Mikhail Gorhachey, the Soviet leader. It was only if the Soviet Union honoured its commitments in this area and on human rights that Britain

ters' strictures, Mr Shultz readily acknowledged that Mr Gorbachev had been a very strong and creative influence

in improving east-west rela-tions through glasmost.

The jamming of Western radio broadcasts had stopped,

THE LEV COLUMN A wrong approach to rights

The Treasury's attack on NFC pre-emption rights, now being presented in the curious guise Pre-tax 2m of a campaign for wider share ownership, looks like facing a hard time. The starting point hard time. The starting point seems to be that the general public is badly served by the atockbroking community, which is true enough. The next and dodgier assumption is that the public is thirsting to buy shares in ICI or GEC at the market price, and could be induced to do so by privatisa-tion-type offerings. But a key tion-type offerings. But a key element in successful privatisa-tions has always heen the notion that something is being given away for nothing, with taxpayers acquiescing in the resulting transfer of valua. There is no earthly reason why

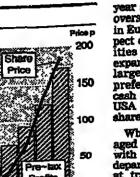
the institutions — or the public whose savings they handle — should do anything of the sort. It is claimed that rights issues tend to concentrate shareholdings in institutional hands, since any shares not taken up go to the sub-under-writers. But it may be naive to suppose that shares issued freely in the US manner would fare any hetter. Rather than mess around with public offer-ings, tha average company would settle for a quick bought would settle for a quick bought deal with an investment bank, which would promptly place the shares through its market-making arm with those same institutions.

The whole topic is bedevilled by self-interest the institutions out to preserve their privileges, the Government out to consoli-

the Government out to consolithe Government out to conson-date the Tory share-owning democracy, and the hig brokers ready to go whichever way makes for the most business. In the midst of it all stand the companies themselves, who are offered the dubious carrots of chaaper funds and the chaaper funds and the increased security from takeover due to the supposed loy-alty of the private shareholder. But so long as the insurance companies and pension funds stand firm on the pre-emption principle – and they have no obvious incentive to do otherwise - the issue should remain academic. The Govern-ment may change the rules to its heart's content, but the average company, with a 75 per cent institutional holding. will do what its owners tell it;

and quite right too.

It is to be boped that NFC's shares will not jump about as erratically as Eurotunnel's when they start trading next month,or the London stock exchange will begin to get a bad name. It was right to bend



the rules to accommodate one of the more unusual additions of the more unusual additions to the listing. But there will be a very tight market in the shares initially, and this will make it hard to put a sensible value on them — especially if some big institutions decide they need some to maintain their weighting in the index.

An introduction rather than a full offer for sale, and a rela-

86 88

a full offer for sale, and a rela-tively small, deep-discounted rights issue, is not the best way to ensure an orderly sec-ondary market. However, if NFC is to maintain its high NPC is to maintain its high level of employee ownership part of the secret of its undoubted success— It does not want to flood the market with shares. That said, a volatile share price could threaten its high ideals. There is a real danger that if the shares were to trade well above £2, where they would stand on a prospective yield of 4.7 per cent, NFC's worker-capitalists might begin to dump them; and it would eventually be no different from any other stock market vehicle.

This is a risk which the com-pany has accepted, and it will be several years before any negative effects on the company cam be judged. NFC is well capitalised, its profits are growing well above the market average and its stake in the Kings Cross redevelopment adds a little extra property spice. It deserves to be rated at a premium to the market, but this should not mean a silly

US takeovers

The crash and the doubts of shareholders did nothing to stop UK companies making further inroads into corporate USA last year, and this year the additional obstacle of rising interest rates is likely to prove equally ineffective in stopping the process. Naver mind 1992: UK companies last

year spent \$33.5bn on US take-overs, some 12 times more than in Europe. Faced with the prosin Europe. Faced with the pros-pect of the competition author-ities blocking any further expansion in the home market, large companies apparently prefer spending their spare cash in the big markets of the USA to giving it back to their shareholders.

While the City has encour-aged management ambitions – with mergers and acquisitions departments working overtime at transaliantic matchmaking and banks happy to lend the cash — it is doubtful whether the move is in the best interest of shareholders. According to consultants JP Mervis, some 70 per cent of the acquisitions made five years ago have been successful; but as the criterion for successful; but as the criterion for success maraly involves the for success merely involves the company's say-so, the actual record may be considerably worse than that.

So far the market is withholding judgment. The going rate for mega-purchases by mature companies seems to be a 10 per cent initial fall in the share price, followed by a steady creep back to the starting point. BAT, Carlton Communication and Tate & Lyle have seen all or most of the initial tumble in their shares revarsed, and even GrandMet is just beginning to be given the same treatment for the biggest deal of the lot.

Hammerson

The battle for control of Hammerson Property is still more finely balanced than yesterday's drop in the Hammerson share price might suggest. Admittedly, it is rather bizarre for a company's shares to fall sharply on the amouncement of a possible higher hid. But Hammerson shares are still not indicating that Rodemen is indicating that Rodamco is about to make an abrupt erit; if they were, they would proba-hly be at least £1 lower than they are now. However, although Rodamco has offered to raise its bid by 24 per cent and is promising a loan stock alternative, this is not going to win the day. It is considerably closer than it was, and judging by the ease with which Stan-dard Life anapped up ordinary shares at £11 last week, flush out a lot of stock if it wanted to. But at the end of tha day, this would be a fruit-less exercise unless Standard Life wants to play ball. It is developing into a test of wills with the current share price of little use in foretelling the win-

Italy and Iran agree deal Dry weather shakes US on port construction debt hopes for wheat crop

By Alan Friedman in Milan

AN OFFICIAL two-day visit to Rome by Mr Mir Hussein Monsavi, Iran's Prime Minister, has resulted in a breakthrough settlement of Italy's longstanding claim for the payment of L1,350bn (\$1bn) of debts owed by Iran to Italian companies involved in the construction of the port at Bandar Abbas. The compromise agreed yes-

terday calls for Tehran to guarantee payment of L600bn, almost half the amount claimed by a group of compa-nies led by Condotte, construction arm of the IRI-Italstat

According to an aide to Mr Renato Ruggiero, the Italian Foreign Trade Minister who conducted technical negotia-tions, at least L397bn of the L600bn to be paid by Tehran will be in cash; the remaining L203bn may be handed over to the Italians in the form of

crude oil shipments. Mr Rugglero said yesterday that Italian companies had signed contracts worth L2,000bn since last August, when he led an Italian trade delegation to Tehran. The Bandar Abbas compro-

mise - after seven years of dis-

pute between Rome and Teh-ran – was the centreplece of a series of meetings held on Monday and Tuesday between the Iranian Premier and Mr Ciriaco De Mita, the Italian

Prime Minister.
The Rome visit, during which Mr Mousavi also met the Pope, President Francesco Cossiga, and Mr Giulio Andreotti, Foreign Minister, was the Ira-nian Premier's first official call on a European government.

The Italians also agreed to ship to Iran long-delayed spare parts and helicopters for civilian use. These are to come from Agusta, the Italian state helicopter company. The com-mercial talks also saw Iran asking Rome to import as much as 200,000 barrels of crude a day, more than double

the current imports.

The Italians replied that the amount of oil to be imported would depend on prices, on a reciprocal purchase by Tehran of Italian goods and services and on Italian companies being given access to oil exploration in Iran. Iran is Italy's fourth

higgest supplier of oil and gas. Babcock wins Iraqi power plant order, Page 6

By Deborah Hargreaves in Chicago and Nancy Dunne in Washington

DRY WEATHER in key US winter-wheat areas and lower-than-expected planting have shaken hopes for a bumper crop year in the wake of last summer's devastating drought.

In Chicago in mid-morning trading, wheat futures prices rose steadily yesterday after a frenzied day of trading on Monday, reminiscent of the hectic activity of last summer'a drought.

drought.

The dry US weather, along with drought in China and hot weather in Latin America of significant and the control of raises the spectre of signifi-cantly lower wheat supplies in cantly lower wheat supplies in 1989-90. New estimates from the Soviet Union show produc-tion at its lowest level in three years – 195m tonnes. The Sovi-ets, offered 2m tonnes of subsi-dised wheat by the US Agricul-ture Department, have been active wheat buyers since last

Although US farmars planted 12 per cent more wheat this winter than last, this increase was considerably lower than many analysts had expected. Mr Joe Christopher, wheat analyst at Linnco Futures in Chicago, expressed

pessimism about this year'a wheat crop.

"Wheat is a weed, and it's hard to kill," he said. "But because of the dry weather, the drop did not get a real good crop and growth has been

A crop report released by the US Agriculture Department on Friday noted dry weather conditions in Kansas, Oregon, Oklahoma, North and Sonth Dakota and Texas. Crops in this area were rated in only fair condition.

Without adequate snow cover, the young ahoots are susceptible to wind erosion and a phenomenon called "winterkill," which means they freeze and die.

Mr Don Lipton, a spokesman for the US Farm Bureau in Washington, said the organisation's national convenions week had been abuzz with

week had been abuzz with reports of extreme dry weather. A long-range weather forecast had discouraged many farmers from increasing their acreage and more farmers than expected had signed up for the Government's acreage reduc-tion programme, he said.

attitudes

British officials during a private lanch on how Her Majesty's Government dealt with "the ethnic troubles in Northern Ireland."

guage version of the final con-ference document.

which has been going for a long time. The Mutual and Balanced Force Reduction talks, which are about to be wound up to make room for new conventional force negotiations have leated 15 people. ations, have lasted 15 years, providing work for at least two generations of officials.

S.A. Gechem N.V.

(a company majority owned by Société Générale de Belgique — Generale Maatschappij van België)

has sold

Azotherm S.A.

VEKAPLAST K.G.

The undersigned acted as financial adviser to S.A. Gechem N.V. in this transaction.

Dillon, Read Limited

January 1989

WORLD WEATHER

ingness of some governments to respect them," Sir Geoffrey

while the West had welphysical barrier, above all, remained between east and west the Berlin Wall.

The divided city of Berlin was a microcosm of a divided

Europe and the West looked forward to when this "Cold War anachronism" was finally torn down.

would be prepared to attend the planned human rights con-ference in Moscow in 1991.

However, despite both minis-

hundreds of prisoners of con-science had been released in the Soviet Union, and there was now much freer movement of peoples.

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Folkestone makes a splash



Channel ports are used to disputes between the French and British. But until yesterday an Angio-French contre-temps over.water.was more likely to refer to the English Channel than what came out of the region's taps. But Folkestone has become the battlaground for the first openty contested takeover in the UK water

industry, led by William Courtney, chairman of Southern Water Authority (1eft). Page 27

Stakes are high in the European power game

AT&T of the US and Slemens of West Germany are fighting a battle this week, which could determine the leader of the world telecommunications industry in the next century. The battleground is Europe, which is daregulating its telecommunications equipment markets in the run-up to 1992. Page 28

Fiat takes to the airwaves

10 27

11 100.2

32

The CHILD PAR.

r K.G.

On Italian television

last night Mr Cesare Romiti, managing director of Flat, tack led criticism that the car group had angaged in

discrimination against trada union mambers at its Alfa Romeo plant near Milan. He also gava indications as to the company's profits performance for 1988. Page 25

Glory of the northern lights

Scandinavian stock markets were the big winners in the final quarter of 1988. Norway led the charge with a 16.6 per cent rise in the index, and Swedan cama close behind with a 14.9 per cent gain. Page 46

Storm in a coffee cup



Brazil is by far the world's biggest sup-plier of coffee, so estimates that last drought will halve the coming crop boosted prices. Brazllian growers had mostly sold out before the price rise.

to the hope that the upturn in the market signais an end to their recent tribulations, which have owed as much to runaway inflation as to the vagaries of the weather. Page 34

Sturge: A tarnished star

Sturge Holdings, largest underwriting agency in the Lloyd's of London insurance market, was the darling of the stock market in 1986-87. A run of bad luck in the Lloyd's market last year has tarnished the Sturga star, however. Yesterday's annual figures, showing pre-tax profits up 37 per cent at £17.2m (\$30m) produced only a 1p rise in the share price to 239p. Page 29

Market Statistics

	_
Base lending rate	
Benchmark Govt	onde
European options	acch
FT-A indices	
FT-A world indice	
. FT int bond service	. 00
Figurated futures	
Foreign exchange	

London share service London traded outlons London tradit, options Money merkets New int. bond issues World commodity prices World stock mkt indices

Companies in this section

ABC Bank	20	Hampson Industries
Adscene Groso	30	
Akzo	20	
Amcor	25	
Anglovaal		Intel
Aukett Associates	30	
Aussedat-Rev	20	
Australian Bank	25	
BET	28	
Bangkok Bank	25	
Bank of Montreal	21	
Borthwicks	30	
Brooke Tool Eng	30	
Brother Industries		NCR
Burndene inva	30	
Cambrian & General	30	Norfolk House
Carl Fraudenberg	20	
Citicorp	21	Prudential Corp
Cologne Re	21	Randsworth Trust
Courts (Furnishers)	28	
Edwards Dunlop	25	
Empire Stores	28	Saint-Gobain
Eurotherm Inti	30	Security Pacific
FAI insurance	30	Sharpe & Fisher
Falconbridge	25	Southern Water Auth
Flat	25	State Bank Victoria
Folkestone Water	26	Sturge Holdings
G. Helleman Brewing	21	VAW
CECA	-	Wast Liampahire Water

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PRANCEUM Faile Bayer Hypo. Volkewages	381 - 331.1 -	15	CFAS Fells	3802 2070	+	182 96
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Apple shares hit by move to cut prices

APPLE COMPUTER'S share price fell sharply by \$3.25 to \$40.50 yes-terday morning when the comterday morning when the com-pany amounced selective price cuts and a shift in sales to systems generally carrying lower profit margins. Although the company also announced higher than expected first quarter earnings, analysts trimmed their forecasts for the full year.

The company told analysts it anticipated earnings of \$3.60 to \$3.75 a share for the year ending.

\$3.75 a share for the year ending September 30 - some 20 cents lower than stockbrokers' previous forecasts. Last year earnings per share totalled \$3.08. Apple forecast that fiscal 1989 revenues would grow by about 25 to 30 per cent, considerably lower than in recent quarters.

The company said sales were shifting toward lower performance systems, which generally carry lower profit margins, and it was reducing the US prices of some of its higher performance Machineth companyers and add Macintosh computers and add-on

savings in component costs. Net income in the quarter rose

to \$140.5m or \$1.10 per share, compared with \$121.4m or 92 cents last time on sales of \$1.4bn which were 35 per cent up on the same period last year. international sales accounted for 32 per cent of total revenues

during the quarter, against 28 per cent in the first quarter of fiscal But Apple said gross profit margins were reduced by 3 per cent from year-ago levels owing to increased costs for memory components. The company increased its prices in September to compensate for memory chip

Yesterday, however, Apple reversed some of these price increases in the US, reducing the cost of high-performance versions of the Macintosh personal computer and add-on products.

NFC market move seeks to raise £52m

By Clare Pearson in London

NFC, the transport and distribution group, is aiming to raise up to £51.9m, (\$92m) mainly from its workers and their families, through a one-for-eight rights issue when it joins the stock market at a value of around £700m next month.

The company, formerly National Freight Consortium, was bought from the Government by its employees seven years ago, and is coming to the market through an introduction.

The only new money to be raised will come from the rights issue, pitched at 130p, a substantial discount to the last price of 185p at which the shares traded on the company's own internal market. The money will help find acquisitions. The discount is designed to

encourage NFC's employees to retain their shareholdings. But Sir Peter Thompson, the chairman, said many of the insti-tutions who backed the company when it was formed in a buy-out from the government in 1962, and which hold 17 per cent of the shares, were expected to realise their investments.

As well as unveiling details of the rights issue and listing, NFC yesterday also reported pre-tax profits of £67.1m, 42 per cent up

The market introduction, arranged by Barclays de Zoete
Wedd and Phillips & Drew, follows long talks over preferential
voting rights for employees.
He said the move for a listing
stemmed from the need for a

market wider than NFC's internal share dealing arrangements.
In spite of Sir Peter's hope that
the majority of employees will
take up their rights, at a cost to
the average individual shareholder of around £1,000, as well as hold on to their existing shares, there will be much temptation for them to sell.

In initial dealings, scheduled to start on February 6, shares are expected to change hands at per cent current investors who have held shares since the company's inception will be looking at an investment worth about 80 times its initial value.

The rights issue price has been fixed five weeks ahead of the latest date for acceptance to give time for the details to be explained at 400 staff meetings. Unusually, NFC expects to announce its results five times a year and to pay dividends quar-terly. There is no profits forecast, but total dividends for 1988-89 are expected to be at least 7p.

Conran rejects Edelman meeting

Wednesday January 18 1989

MR ASHER EDELMAN, New MR ASHER EDELMAN, New York-based arbitrageur, has been rebuffed in his latest attempt to fix up a meeting with Sir Terence Conran, chairman of Storehouse, the UK retailing group in which Mr Edelman and several associated investors have accumulated a 5.6 per cent stake.

Mr Edelman wrote to Sir Terence late last week claiming that the group, which embraces chains ranging from Habitat to BhS. was undervalued by the London stock market. For the

London stock market. For the first time he suggested several ways of increasing the value of the group to shareholders. He also requested a meeting with the Storehouse chairman,

with the Storehouse chairman, as he had done in a previous letter sent just before Christmas. Storehouse wrote back on Monday this week, saying the chairman could see no point in meeting the US investor.

The company said exactly the same thing in response to Mr Edelman's letter last month. Mr Michael Julien, Storehouse chief executive, said then that there was "no useful purpose" in hold-

ing a meeting.

Details of the latest exchange Details of the latest exchange of correspondence have not been made public, but it is understood that Mr Edelman's suggestions for realising Storehouse's value include: a leveraged buyout; sale of the bulk of the group's general retailing businesses followed by a cash distribution to shareholders; and a straightforward sale of the whole group by anction. auction.

Kleinwort Benson, the princi-pal merchant bank advisor to Storehouse, was dismissive of Mr Edelman's latest approach. "The company sees no advantage in talking to him at this time," said Mr Philip Remnant, a director of

Kleinwort.
Although Storehouse refused to comment yesterday, the view seems to be that Mr Edeiman is doing no more than making a nuisance of himself to ensure continued stock market interest in the company.

speculation since mid-1987, when Mountleigh, UK property com-pany, said it might hid for the group. This was followed by a demerger hid from the relatively small Benlox Holdings.

clear the way for the legislation covering exchange controls to be passed by the end of May. Legislation will exist allowing the reintroduction of controls but Mr Edelman is advised by Barclays de Zoete Wedd, investment banking arm of Barclays Bank, UK clearing bank which is also lead commercial bank to Store-It emerged yesterday that Bar

Mr Dennis said the threshold at which this could he applied would be sufficiently high to disclays last week gave an under-taking to the company that it would in no way finance a hoscourage the politicians.

"Too much is at stake for the credibility of the central bank." The market, he pointed ont



Bengt Dennis: Determined that Sweden will not turn back

Sweden's capital and equity markets are standing by for a dramatic increase of

investment interest from abroad.

No less a person that Mr Bengt Dennis, governor of the Riksbank (central bank), is expecting a "huge inflow of capital" to the Swedish bond market and a grad-

ual increase in Swedish invest-ment abroad.

The catalyst for this action is the impending dismantlement of the country's foreign exchange controls, long after many rela-

tively open European economies have got rid of them. The mea-sures date from World War Two.

Leading economists have been

urging the government to lift cur-rency controls for at least a decade, but Sweden's serious eco-nomic problems during the 1970s — with large budget and current account deficits — provided an

However, economic recovery in the 1980s and the impending lib-

eralisation of trade and finance

erailsation of trade and mance in the European Community has finally brought about change. The Government said in last week's budget that it would soon open up the domestic bond mar-ket to foreign investors, and allow Swedes to invest in foreign bonds and open foreign currency accounts at Swedish banks. Mr Dennis put flesh on that

Mr Dennis put flesh on that announcement and spelled out the timetable for the changes.

made clear that the first step

would be to pass legislation aimed at clamping down on tax evaders. If this goes through Par-liament in the spring, it should

excuse to resist.

needed to be convinced that Sweden would not turn back "so peo-ple won't have to rush in and grab the meat.

Mr Dennis, a forceful governor of the central bank since 1982, He is a close friend of Mr Kjell-Olof Feldt, the Finance Minister, hav-ing worked with him at the Trade Ministry in the early 1970s. Several steps had already been taken to liberalise the foreign exchange regulations in the

1980s. In 1985, for example, Swed-ish companies were allowed to make direct investments abroad without being forced to find the funds for this abroad and Swedes were also permitted to buy for-

eign equities.

It was not until last year, however, that Swedes were allowed to invest up to a total of SKr3bn (\$475m) in foreign equities during a year.
The central bank is due to

announce shortly the permitted level of foreign equity investment for 1989 and it is widely expected either to raise the the limit or lift it completely.
At the same time, an

announcement is expected on

whether insurance companies can invest in real estate abroad: all other corporations are allowed to now, and have been busy buy-ing property in European capitals such as Brussels and London. The impending abolition of exchange controls, and advance cards, have shifted interest rates down by as much as one percentage point in recent weeks. On bonds maturing in 1997, the yields have dropped from 11.6 per cent last October to 10.5 per cent in recent days, though they reached a low of 10.25 per cent just after the budget statement. Mr Dennis argues that long-term interest rates are now

"rather low," although analysts expect them to move lower still immediately after the controls are lifted. Foreign insurance companies and pension funds are showing

Sweden shakes off the currency shackles

Sara Webb in Stockholm looks at the planned changes to foreign exchange controls

considerable interest in the Swedish market and, according to Mr Dennis, are ready to act quickly when the controls disappear.

He expects the outflow of Swedish investors' funds to be rather more gradual - a view echoed by many analysts who sus-pect that the Swedes will tend to stick to the more familiar home

markets at first.

Sweden's banks and insurance companies, which have large bond portfolios, expect to make considerable gains by selling out. According to one estimate, the big banks could gain between SKr500m and Skrlin each on bond calos while the large insurbond sales while the large insurance groups could make up to SKrlbn, giving a welcome boost to profits this year.

Since the Social Democrats' election victory in September 1988, Mr Feldt and his pragmatist colleagues in the Finance Ministry (such as his recently appointed number two, the Jungian psychologist, Mr Odd Engstroem, and the Under-Secre-tary of State, Mr Erik Asbrink) have been swift to propose changes in the structure of the economy which two years ago would have seemed unthinkable

in Sweden. The Government now plans to lift restrictions which had previously protected the domestic tex-tile industry, cut subsidies to usher in tax reforms which would drastically bring down marginal tax rates while broadening the base for capital gains tax and indirect taxes.

While some unions (which invest their funds in the capital markets) have openly criticised the Social Democrats for what they call "the move to the right", they have chosen not to kick np a fuss about lifting exchange con-trols. Their members want lower interest rates, and by stepping down on one issue, they hope to notch up bargaining points in the spring wage negotiations.

By Nikki Tait and Paul Cheeseright in London

THE £1.3bn bid battle over Hammerson, Britain's third larg-est property company, took a new twist yesterday, as Dutch predator Rodamco said that it would make a higher offer subject to certain conditions, and renewed its attack on Hammer-

son's recent valuation figure.

The new terms from Rodamco would be £10.17 per ordinary share and £9.70 for each "A" ordinary share, valuing the company at £1.62bn (\$2.85bn). The Dutch

reserved the right to waive these conditions; to increase its offer to levels different from those specified; or not to increase at all. The Dutch company added that a fur-ther announcement would be made on Thursday.

Hammerson immediately put paid to the second condition, saying that it had no intention of making "confidential commer-cially-sensitive information" available to Rodamco. There was also considerable

There was also considerable scepticism in the market over whether Standard Life — which last week raised its holding from 18.8 to 28.8 per cent of the voting rights by buying ordinary shares at £11 each — would be inclined to facilitate the first condition.

merson's latest net asset valua-tion (after adding back the pro-posed dividend payment), wider than recent takeout levels in the

total portfolio. However, it went on to argue

that the new proposed offer does not begin to reflect the true value of its property holdings.

Rodamco raises Hammerson bid

property investment company said that such a bid would be made if it were satisfied that the proposals had "a reasonable like-lihood of success" and if Ham-merson provided additional infor-mention on the williation of its merson provided accumulation of its mation on the valuation of its Mississauga, Canada, properties.

This would have to show a figure materially in excess" of ure "not materially in excess" of Rodamco's own estimate for the

in a further refinement, Rodamco said it would add a loan stock alternative. The stock would have a 10-year life and bear interest at London inter-bank offered rates (Liber). However, Rodamco also

dropped 28p to 883p.
Rodamco's attack on Hammer-son's updated valuation figure of

That lead many analysts to read the latest announcement as a face-saving means for Rodamco to withdraw from the bid fray.

Analysts pointed out that the
new terms represented a discount
of just under 10 per cent to Ham-

After some fluctuations, Ham-merson ordinary shares fell 14p to 948p while the "A" shares

£10.65 a share centred on the Canadian portfolio where it says that the most significant - though unspecified - difference between its own estimates and Hammerson's valuation occurs.
Following complaints to the
Takeover Panel, Hammerson did
clarify certain aspects of its valuation yesterday. It said that the

North American valuers had been aware of "deleterious materials" present in one hullding but that a drafting error had occurred in their letter suggesting that this was not the case; that the population of Mississauga had only grown from some 350,000 to over 400,000, not from 250,000; and that freehold properties accounted for £1.88bn out of the total \$2.48bn valuation for the

Icahn raises stake in Texaco

MR CARL ICAHN, who was narrowly defeated by Texaco's management in a battle for con-trol of the oil giant last summer, yesterday revealed he had accu-mulated more of the company's stock and warned management strongly against new anti-take-

In a fiercely worded letter to the company, Mr Icahn, a New York based businessman with over \$1bn invested in Texaco, accused the company of a reprehensible plan to install new defensive barriers when its pres-ent "poison pill" anti-takeover

device expires in April.

He also revealed that he had bought nearly 1m more shares in Texaco just before Christmas, bringing his stake up to 15.6 per

The letter, which was filed with the Securities and Exchange Commission yesterday, could herald a new battle between Mr James Kinnear, Texaco's chief executive, and the company's largest stockholder. Texaco is seeking protection from hostile takeover while it pushes through a company restructuring, includ-ing the sale of its valuable Canadian subsidiary. Mr Icahn is seen as pursuing a faster resturn on his investment, possibly from an auction for the company or its

in a bid to win stockholders' support in the battle with Mr Icahn last summer, Texaco promised to dismantle its so-called poison pill," a company by law that makes takeover prohibi-tively expensive unless management approves. The company has now asked Mr Joseph Flom, a Wall Street lawyer specialising in corporate takeovers, to examine a new form of defence when the poison pill expires in April.

LEAAA Hellenic Aspropyrgos Refinery Yen 34,997,647,060 The following institutions successfully participated in an auction to provide Hellenic Aspropyrgos Refinery with a structured Yen interest rate swap designed to realise efficiently the value of a future prepayment opnon on an existing Yen loan. The Sumitomo Bank, Limited, London Branch **AIG Financial Products** The Mitsubishi Bank, Limited, Tokyo Midland Bank plc, London Hellenic Aspropyrgos Refinery were advised on all aspects of this transaction by Midland Bank, Arhens Branch in co-operation with Samuel Monragu & Co. Limited, London.

Johannesburg Consolidated Investment Company, Limited

Group Gold Mining Companies Summary of reports for the quarter ended 31 December 1988

Randfontein Estates

		
	Quart	er ended
	31.12.68	30.09.88
Ore milled: tons	2108000	2078 000
Yield: grams per ton	3,30	3,25
Working cost - per ton milled	R80,16	F175,95
	R000	F1000
Profit from gold	54 126	69 252
Profit from uranium	2216	283
Net sundry revenue	5172	4707
Net profit after tax	55 098	71 830
Capital expenditure	66 121	21 805

Western Areas

Ore milled: tons	980 000	964 000
Yield: grams per ton	3,18	3,61
Working cost - perton milled	R112,71	R113,34
	F1000	F1000
Profit/(loss) from gold	(10572)	a 191
Profit from uranium	2722	2531
Net sundry revenue	5 758	(211)
Net profit/(loss)	(2 092)	10511
Capital expenditure	10 705	6374

H. J. Joel H. J. Joef Gold Mining Company Limited

Ore milled: tons	46 000	46 000
Yield: grams per ton	2,8	1,6
Capital expenditure (R000)	31 971	31 723
Reef metres sampled	411	753
Average reef width; cm	30	30
Grade - grams per ton	19,6	17,8
Centimetre-grams per ton	588	534

Randfontein: Underground production decreased marginally but improved grades were achieved from both surface and underground. The increase in working costs

Western Areas: Efforts to contain costs have achieved some success, but grade remains a

Joel: Stoping operations and grade continue to build up in line with expectations.

Eleburg Gold Mining Company Limited: Shareholders are advised to study the operating results of Western Areas Gold Mining Company Limited.

Quarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from: Barnato Brothers Limited, 99 Bishopsgate, London

Johannesburg

Reuters and Price Waterhouse announce the Treasurer's Workshop Courses

have combined their skills in treasury strategy and information requirements, international accounting and taxation to create a unique concept-The Treasurer's Workshop.

In an intensive practical threeday session you will be given advice and direction on how to improve yields, reduce costs and manage the risks of interest rate and foreign exchange exposure.

Treasurers, financial managers and those forming or developing a treasury function have already benefited from the course.

Following the success of the programme, we are pleased to announce further workshops over the coming months. If you would like to be one of the 25 participants in a forthcoming workshop, please post the coupon or contact Samantha Coates on 01-250 1122.

Reuters and Price Waterhouse The resident speakers for the Treasurer's Workshop include the following-Clive Johnson, Partner, treasury management consultancy, Price Waterhouse Gwen Batchelor, Managing Consultant, treasury management consultancy, Price

> Waterhouse Arun Aggarwal, Senior Manager, treasury management consultancy, Price Waterhouse Howard Lovell, Senior Manager, treasury management consultancy, Price Waterhouse Richard Hines, Senior Manager, treasury management consultancy, Price Waterhouse David Knight, Senior Treasury Consultant, Price Waterhouse

Susan Ross, Group Treasurer, Reuters In addition, there is a range of visiting speakers who aim to give you the benefit of their specialist experience

Terry Fitt, Vice President, Citibank NA Nick Douch, Chief Dealer and Economic Adviser, Head Office Foreign Exchange, Barclays Bank plc.

Christopher Bell, Chief Executive. Manchester Exchange Trust Ltd David Gibson, Finance and Deputy Managing Director, TSB (Channel Islands)

Price Waterhouse



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I would like to receive more information on the Treasurer's Workshop. Please	e comp
the coupon below or attach your business card and post to Samantha Coa	ces,
The Treasurer's Workshop, The Reuter Training Centre, 85 Fleet Stre	et,
London EC4P 4AJ or telephone 01-250 1122 for details of the courses.	



INTERNATIONAL COMPANIES AND FINANCE

ABC Bank loan losses hit record NKr950m

By Karen Fossii in Oslo

ABC BANK, Norway's largest savings bank, said yesterday that preliminary figures indi-cated losses on loans and guar-antees had reached a record NE-080m (8141m) lest year. NKr950m (\$141m) last year,

against NKr390m in 1987. This would translate into a net deficit of NKr600m for the year in spite of a 17 per cent increase in operating profits, from NKr300m in 1987 to

The bank is to implement The name is to implement draconian measures to improve its performance. A plan to cut staff by 13-5 per cent was begun last September and is to continue until 1956. A radical reorganisation into A radical reorganisation modifive divisions is also to be implemented to reduce manning costs by NKr20m in 1989.

ABC, which is known outside Norway as Union Bank of Norway, said it aimed to increase its interest income this year by NKr130m, while a goal of increasing "other"

goal of increasing "other" earnings by NKr80m had been

set. Operational costs were to be slashed by 7.5 per cent, or NKr100m.

The bank's assets, which were estimated after the first eight months in 1988 to be NKr55bn, are to be reduced by NKr10bn this year through the sale of loans and securities holdings.

Falconbridge considers bid for Philippine mine

By Richard Gourlay

FALCONBRIDGE, Canadian mining group, is considering bidding for the mothballed Nonoc nickel mine mothballed Nonoc nickel mine and refinery in the Philippines which Mr Alan Bond, the Australian businessman, expressed an interest in buying last week.

Mr William James, president of Falconbridge, arrives in Manila today and will visit the mine off the southern Island of Mindanao which the Covern-

Mindanao which the Government's Asset Privatisation Trust is trying to sell through public bidding.

Dallhoid Investments, Mr

Bond's private holding company which has nicket interests in Queensland, Australia, offered US\$320m for the rights to the reserves and physical assets of Nonoc on January 12. Although Dallhold offered more than the APT's suggested minimum bid of

suggested infinition but of \$300m, the Philippines Gov-ernment declared the offer void because it was not accom-panied by a deposit equal to 10 per cent of the bid.

After the tender, Dallhold said it was interested in nego-tiating to buy the concession and refinery but that it did not feel an asset the size and com-plexity of Nonoc could be

bought through auction under the specified conditions. Dailhold would have had to put down a \$32m deposit and questions remained over the applicable tax treatment and

applicable tax treatment and foreign exchange availability.
Dallhold also said that shortly before the January 12 bid it was advised to move cautiously because of a legal claim by Mr Jesus Cabarrus, the former owner of the mine.

Aussedat backs Intl Paper offer

By Our Financial Staff

AUSSEDAT-REY, the French paper maker, eaid its board had recommended unanimously that its shareholders mously that its shareholders accept a FFr675 per share offer by International Paper of the US, for a total cost of about FFr2bn (\$316m).

A statement issued after a

meeting presided over by Mr Jacques Calloud, Aussedat's chairman, said a link with International Paper fitted in well with Aussedat's aim of finding a top-class partner.

The US group's offer, terms of which were announced ear-lier yesterday by the French

Stock Exchanges Association, remains subject to the approval of French authorities. Anssedat shares were suspended on January 11 at

Analysts said the bid, if suc-cessful, would allow international Paper, already the largest producer of photocopy paper in the US, to gain a foot-hold in Europe, where Ausse-dat is the market leader with a 10 per cent share.

They added they did not expect any dilution of Interna-tional Paper's earnings if the acquisition went ahead.

In 1987, Aussedat made a consolidated net profit of FF7130.9m and is expected to show a slightly lower profit for 1988 due to increased tax pay-ments. Turnover WSS FFT4.48bn in 1987, up from FFT4.41bn in 1987, up from

FFr4.41bn in 1988. International Paper reserves the right to absndon the bid if less than 728 per cent of the outstanding shares of the French company are tendered. The price set by the US group is in the middle of the

range predicted by analysts last week. However, Mr Phillipe Gautier, an analyst with

the Parisian stockbroker Mag-nin-Cordelle, said the price was low enough to warrant specula-tion that a competing offer from a second bidder might

emerge.
Under French rules a competing bid would have to be at least 5 per cent higher than the initial offer, or at least FFr715

About 20 per cent of Aussedat's shares are owned by the company's founding families, whose shares have double vot-ing rights. Institutions allied to the families own snother 15 to

Poor gold recovery rate curbs JCI profits

PROFITS OF the two producing gold mines managed by Johannesburg Consolidated Investment (JCI) of South Africa were reduced in the December quarter by a combination of higher costs, lower than expected gold recoveries and poorer rand gold prices.

Western Areas, the smaller of the two mines, fell back into loss after two profitable quar-ters and has raised R100m (\$41.7m) through a private placing of preference shares to finance current commitments and participation in a new gold mining venture.

Its gold recovery grade dropped to 3.18 grams per tonne (g/t) from the September quarter's 3.61 g/t. Rock stresses forced the mine to abandon

JCI GOLD QUARTERLIES profit Earnings per share (cents) Sep 88 Dec 88 Sep 88 W. Aress

Earnings per share calculated after tax and capital expanditure. Pers

extraction of high-grade ore pillars, although extraction is expected to resume soon. Mr Bill Nairn, a director, says grade will also be improved by extracting rich so-called VCR ore in the east of

the property. The mine has an interest in the South Deep project, a ven-ture to mine deep, rich ore adjacent to Western Areas'

southern and western bound-aries. Twin haulages are being developed inside Western Areas' property to open up the new mining area. Meanwhile, Randfontein Estates suffered a small drop

in its underground ore produc-tion but made up the shortfall by drawing a greater tonnage from low-grade surface stocks. The mine's new Doornkop

section is gradually raising production and a second shaft is being planned to exploit the section's South reef ore reserves. The comparatively cheap venture is planned to produce 90,000 tonnes of ore a month against the existing shaft's 200,000 tomes capacity.
Mr Nairn says both mines' costs have been affected by the 20 per cent import surcharges being levied on parts and components for mechanised mining continuent.

He does not expect Randfon-tein's unit costs to rise by more than 20 per cent this financial year, as domestic sup-pliers are using the tariff pro-tection to manufacture locally so that items such as tyres need no longer be imported.

despite weaker prices

(GFSA), the local affiliate of the UK's Consolidated Gold Fields, has reported higher interim profits for the six months to December in spite of a progressive weakening of the gold price.

The mining house derives about 80 per cent of its revenues from gold mine dividends and, of that, about four fifths comes from Driefontein Con-solidated and Kloof, South Africa's two richest mines.

First-half revenue increased to R232.4m (\$96.9m) from R197.9m in the corresponding period of 1987 and pre-tax profit was R166.4m against R144.0m. In the last financial year, total revenue was R449m and the pre-tax profit was

Net earnings rose to 184 and the interim dividend has been lifted to 70 cents from 65 cents. Earnings totalled 377 cents in the last full year and

ANZO, the Dutch Chemicals and fibres company, and Carl Freudenberg of West Germany, a consumer goods maker, plan to set up a 50-50 joint venture

in sponges and cloths, writes Laura Raun in Amsterdam. Negotiations are expected to be rounded off within a few

months. The venture will have

annual sales of about F175m (\$35.8m) and employ about 145 workers, according to Akzo.

Akzo will provide the plant and Freudenberg the marketing and distribution.

DEN DANSKE BANK

AF 1871 AKTIESELSKAB

COPENHAGEN, DENMARK

(Incorporated in the Kingdom of Denmark with limited liability)

¥4,000,000,000

Floating Rate Notes Due 1994

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period from 18th January, 1989 to 19th July, 1989 being the first Interest Payment Date (all as defined in the Terms and Conditions), is 4.79% per annum. Interest payable on 19th July, 1989 will amount to \(\frac{2}{238,844}\), per \(\frac{1}{2}10,000,000\) principal amount of the Notes.

Agent Bank

The Long-Term Credit Bank of Japan, Limited Tokyo.

GOLD FIELDS of South Africa the total dividend was 190

In recent years the group has diversified into minerals other than gold, but its new gold developments remain dominant. In the Transvaal, the Kloof and Venterspost mines are being expanded while in the Orange Free State the group is evaluating reserves estimated to contain about 37m ounces of gold.

The other main mining development in progress at

present is a platinum mine due to come into production in the During the past six months

the house restructured its Namibian interests into a separate company listed on the Johannesburg Stock Exchange. The restructuring was accom-panied by a preferential issue tors and was widely seen as a precautionary move ahead of independence for the

GFSA posts interim gain Production setbacks hit revenues at Anglovaal

By Jim Jones

THE ANGLOVAAL group's experience mirrored that of other South African mining bouses during the final quar-ter of last year, with gold mine revenues and profits eroded by weaker rand gold prices and higher costs. Hartebeestfontein and East-

ern Transvaal Consolidated both suffered gold production setbacks because of lower recovery grades while Loraine held its grade steady and lifted

its milling rate.

Although Loraine's after-tax profit fell sharply, the mine returned to a positive cash

flow by reducing its capital spending. Mining analysts believe Loraine will be used to develop a new mine being planned on adjacent ground owned by Anglovaal.

Hartebeestfontein, Anglovaal's largest gold mine, lifted its underground ore processing rate and increased production beyond the design capacity of the low-grade dump processing plant.

processing plant.
Nevertheless, the unit costs of processing each tome of material increased by more than 5 per cent in the Decem-

ANGLOVAAL GOLD QUARTERLIES										
	Gold prod (kg) Dec 86	Sep 88				per cente) Sep 80				
E. Tvi Cone Hartobeast Lorsine	892 8,024 2,147	940 8,054 2,117	12.65 61.28 7.56	71.52 97.16 9.27	93.7 44.5 17.8	118.2 - 51.8 (10.8)				

Akzo planning sponge venture Wereldhave N.V. AKZO, the Dutch chemicals

(Investment company with variable capital, incorporated in The Netherlands) 23 Nassaulaan-P.O. Box 85660 2508 CJ The Hague, The Netherlands



Notice of Extraordinary Shareholders' Meeting

Notice is hereby given that an Extraordinary Shareholders' Meeting will be held at the Company's Offices, 23 Nassaulaan, The Hague at 16.00 hours local time on Thursday, February 2, 1989. The only subject on the Agenda is a proposal to amend the Articles of Association, including an increase in authorised share capital.

The Agenda for the meeting along with the proposed amendment to the Articles of Association and explanatory note thereon are, as from today, available free of charge to shareholders and usufructuaries with voting rights at the Company's Offices, 23 Nassaulaan, The Hague, and at Pierson, Heldring & Pierson N.V., Kempeo & Co. N.V., Cooperatieve Centrale Raiffeisen-Boeren, Heldring & Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Bank Mees & Hope NV, Credit Lyonnais Bank Nederland N.V. in their respective branches in Amsterdam, The Hague, Rotterdam and Utrecht, and at the offices of Generale Bank, Bank Brossel Lambert and Kredietbank in Beigium.

English translations of these documents together with the existing Articles of Association are available free of charge at Morgan Grenfell & Co. Limited, New Issue Department, 72 London Wall, London EC2M 5NL and at Cazenove & Co, 12 Tokenhouse Yard, London EC2R 7AN.

Shareholders and usufructuaries with voting rights who wish to attend the meeting or vote by proxy must deposit the bearer certificates representing their shares or deposit receipts from an institution as defined in Article 31 of the Articles of Association on or before January 27, 1989 at the Company's Offices, 23 Nassaulaan, The Hague or at the offices of one of the Dutch or Belgian banks referred to above or at Morgan Grenfell & Co. Limited in London.

The Hague, January 18, 1989

By Order of the Board of Management

Floating Rate Notes 2000 ABBEY NATIONAL BUILDING SOCETY

£250,000,000

(Incorporated in England under the Building Societies Act 1874) of which \$150,000,000 is being issued as the initial Tranche issue Price of the Initial Tranche: 100 per cent.

In accordance with the provisions of the Notes, notice is hereby given, that for the interest Period from January 17, 1989 to April 17, 1989 the Notes will carry an interest Rate of 13%% per annum. The interest payable on the relevant payment date, April 17, 1989 against Coupon No. 13 will be £325.17.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

January 18, 1989

CHARE



Creditanstalt-Bankverein

Subordinated Floating Rate Notes 1994

U.S. \$125,000,000

For the six months 17th January, 1989 to 17th July, 1989 the Notes will carry an interest rate of 9%% per annum and coupon amount of U.S. \$243.53 payable on 17th July, 1989.

Bankers Trust Company, London Agent Ban

The Bank of Nova Scotia U.S. \$200,000,000 Floating Rate Debentures

For the six month period 17th January, 1989 to 17th July, 1989 the Debentures will bear an interest rate of 91/16 per annum with a coupon amount of U.S. \$490.21 payable 17th July, 1989.

due July 1994

Bankers Trust Company, London Agent Beni

Manufacturers Hanover Corporation U.S. \$100,000,000 Floating Rate Subordin Notes due 1997

Notes due 1997
In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an interest rate of 9%% per amount for the period 17th January, 1989 to 17th April, 1989 with a coupon smoone of U.S. \$42.19 for the U.S. \$10,000 denomination and U.S. \$6,054.69 for the U.S. \$250,000 denomination and will be psychic on 17th April, 1989 against currender of Coupon No. 15.

IRELAND U.S.\$50,000,000 Floating Rate Notes due

July 1992 In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 18th January, 1989 to 18th July, 1989 the Noses will carry an interest rate of 5% per cent per annum. The relevant Interest Payment Date will be 18 July, 1939 and the Coupon Amount per \$500,000 will be \$24,667.53.

Bank of Tokyo International Limited Reference Agent

NOTICE To the Holders of

Citizens First Bancorp, Inc. 64% Convertible Subordinated Debeutures Due August I, 200? NOTICE IS HEREBY GIVEN that the conversion price of \$17.47 for the above Debentures will be adjusted and changed to \$14.55 effective on February 1, 1969 by virtual of a six-for-five stock split on the Common Stock of Citizens First Hencory.

LF Rothschild drops US Treasury bond trading

By Janet Bush in New York L.F. ROTHSCHILD yesterday announced that it was withdrawing immediately from making markets in US Treating the capital exceeded the Federal Reserve's new requirements for primary dealers but that it had taken the decision to leave

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Section bearing the L.F. ROTHSCHILD yesterday announced that it was withdrawing immediately from making markets in US Treasury bonds, the second primary dealer to leave the market in a week.

County NatWest Government Securities said last Friday that it was withdrawing from the market. The two announcements leave the remaining number of primary dealers at 44.

dealers at 44.

LF. Rothschild said that it would stop all sales and trading of US government securities on behalf of its clients although it would continue to be active on its own account.

Around 50 employees are expected to be affected by the decision.

The company said that its

the market because its return on that capital was judged insufficient to continue making markets.
The decision last week hy

Nomura, the largest securities house in the world, to pull out of its domestic U8 equities business, focused attention on how difficult conditions in the stock market are for broker-

known for some time that bond irading has been unprofitable for even leading players in the Treasury bond market and the announcements by County Natwest and L.F. Bothschild came as no surprise.

L.F. Rothschild agreed to be acquired by Franklin Savings Corporation, a Kansas-based thrift, in February last year after announcing a loss of \$128.8m in the fourth quarter of 1987. This reduced the comor 1967. This retined the com-pany's net worth to \$48m by the end of the year compared with \$177m in September, 1967. The company laid off 1,225 employees, more than half the total employed before the Octo-ber 1967 stock market crash.

L.F. Rothschild lost another \$23.5m in April and May last year and reduced its workforce to 70.

The company's business will now be confined to the mort-gage-backed, corporate and high-yield securities as well as investment banking activities.

Intel income up 83% on year

By Louise Kehoe in San Francisco

INTEL CORPORATION, the US semiconductor manufacturer, reported record revenues and income for 1968, despite a 10 per cent drop in earnings in the fourth quarter as sales of its high-performance 386 microprocessor slowed down.

The state of the s Fourth-quarter revenues totalled \$727m, up from \$572m for the same period last year, while net income declined to \$86m or 46 cents per share from \$96m or 55 cents in the corresponding 1987 quarter. were lo For the year, net income quarter.

rose 83 per cent to \$453m or \$2.51 per share from \$248m or \$1.38, on revenues of \$2.9bn, up 51 per cent on the \$1.9bn recorded in 1987.

"This was a year that started strong and ended weak," said Mr Andrew Grove, Intel's pres-ident. "We canght up with demand for the 386 microprocessor, and customers began working down inventories of this now-abundant chip. As a result, fourth-quarter results were lower than the third

"The good news is that this appears to be a correction rather than a downturn.

"Industry indicators such as the book-to-bill ratio have declined but not plummeted, and end-user demand for per-sonal computers, a key prod-uct, has held up well. We're comfortable we can power through any short-term flat-

ess in the market. Mr Grove said Intel was proud that its revenues had grown 50 per cent or more for two consecutive years.

Cleary to leave G Heileman

of a load by testings.

MR RUSSELL CLEARY, the domestic beer market chairman of G. Heileman At the time of the Bond in 1987, it was stressed management as well as months after he agreed its months after he agreed its poration Holdings, Mr Alan Bond's Australian company.

As head of Heileman since As head of Heileman since 1971, Mr Cleary steered the group through a series of regional acquisitions to rank in the top half-dozen US brewers with sales approaching \$1.3bn

At the time of the Bond deal in 1967, it was stressed that management as well as the workforce at Helleman would remain in place.

remain in place.

Despite its growth, Heileman never established a nationally recognised beer brand. Following the takeover, Mr Bond was thought likely to step up US marketing of his Australian lines, such as Swan and Castlemaine XXX.

Mr Bond who now assumes thought likely to step up US marketing of his Australian lines, such as Swan and Castlemaine XXXX.

Mr Bond, who now assumes operations in North America.

Mr Cleary, a lawyer by training, said he planned to run a family investment concern and would act as consultant for Heileman.

the Helleman chairmanship, is the Helleman chairmanship, is bringing in his own executives to fill two other top slots — Mr Peter Beckwith, Bond managing director, will be deputy chairman at Helleman, where the role of president will be taken by Mr Murray Cutbush, who bas headed Bond operations in North America.

Mr Cleary, a lawyer by train-

ware the Specification -Goodyear Tire TOTAL QUARTINUS reverse bigger than expected

and a near 10 per cent share of

10 50 24 100 E25 GOODYEAR TIRE and Rubber. the world's largest rubbe manufacturer, now estimates that fourth-quarter 1988 earnings from continuing operations will be lower than earlier estimates and about 53 per cent below 1987's corresponding \$119.4m income, Reu-

> The group blamed softer-than-expected market conditions in its North American tyre operations and a higher-than-expected year-end adjustment to reflect domestic inven-

> tory costs. Goodyear estimated earlier that earnings for the period would be 40 to 45 per cent lower than in 1967.

The company added that it now expected after-tax charges from unusual items to be about \$26m, rather than \$33m esti-mated earlier.

Analysts now expect the company to report 1988 earnings of \$8.55 a share.

Kampo prepares to invest

By Our Financial Staff

System, known as Kampo, is considering investing in financial futures and options con-tracts from some time in its new fiscal year starting April.
Kampo declined to say in which instruments it would invest because of current legal restrictions. The law currently limits Kampo's investments to cash bonds and stocks through trust banks and the short-term money market, a Kampo offi-cial said.

Purchasee of financial futures and options would mainly be aimed at hedging exchange risks on assets denominated in foreign curren-cies. The move would also help Kampo diversify its investment funds, he sald.

Its funds totalled Y40,110bn (\$313bn) on January 5. The expansion has been due to steady growth in income from pension funds and life insur-

Financial futures traders said they expected Kampo's participation in futures and options to stimulate market activity because it is the world's largest institutional investor. A Japanese financial futures market is expected to be launched in June this year.

Nissan Motor is to set up a small financial company in New York in March to help its US subsidiaries manage their money and raise new funds. The new company, which is to be capitalised at \$5m and called Nissan Finance of Amer-ica, will also give Nissan the ability to trade on foreign

in futures and options

nge markets around the clock. The move rounds ont Nissan's presence in the three major financial markets of Tokyo, New York and London. The London finance company was set up in April 1987.

This announcement appears as a matter of record only.

1,200,000 Shares



Common Stock

Price \$5.25 Per Share

The above shares were underwritten by

OAKES, FITZWILLIAMS & CO. LIMITED

December, 1988

National Semi to sack 2,000 workers

By Louise Kehoe in San Francisco

NATIONAL Semiconductor will lay off 2,000 workers, or just over 5 per cent of its workforce, over the next two months as part of a big reshape that will focus the company on its core semiconductor manufacturing busing ductor manufacturing business and in response to a slow-down in the US semiconductor market.

market.
The California-based semiconductor maker will take a
one-time charge against earnings in the current quarter.
Lay-offs will affect all staff
levels throughout the company's operations in the US,
Europe and Asia. About half
the employees affected will be
in the US, with some 100 layoffs in Europe.

offs in Europe.
National Semi has recently divested most of its computer operations, which had represented about one third of the

company's revenues.

In December, the group sold its Datachecker operation, which manufactures computer-ised supermarket checkout systems, to ICL of Britain.

Barlier this month, National Semi entered into an agreesemi entered into an agree-ment to sell 50 per cent of its National Advanced Systems mainframe computer subsid-iary to Memorex Telex, a computer peripherals company based in Amsterdam.

Mr Charles E. Sporck, president and chief executive, said that while slow growth was expected this calendar year. management remained optimistic about the long-term outlook for the company.

It reported a net loss of \$55.7m or 58 cents a share for the first half of fiscal 1989.

Profits at NCR drop to \$149.6m as US sales dip

By Roderick Oram

NCR, the US computer maker with particular strength among retailing and financial service customers, bas reported lower fourth-quarter results, with a downturn at home covered only partially by a hnoyant performance

Net profits for the quarter slipped to \$149.6m from \$161.4m a year earlier on reve-nnee of \$1.80bn against

Earnings per share rose to \$1.85 from \$1.79 reflecting a decline in the number of shares outstanding to 80.85m

from 90.07m. NCR booked record orders in the latest quarter, with a strong flow from Pacific, Latin American, Middle Eastern and African markets and a small

gain in Europe more than comensating for a decline in the Order strength reflected in part large gains for NCR'e Tower family of super-microfinancial service industry.

NCR generates more than half Reflecting profit growth in the previous three quarters, net earnings for the full year increased to a record \$439.3m on revenues of \$5.99bn, from \$419.3m on \$5.64bn a year ear-

Net earnings per share were equivalent \$5.53 on 82.42m shares against \$4.51 on 98.07m

Research and developmen expenditures grew last year at more than double the rate of the previous five years.

Chief of Bank of Montreal to step down

By David Owen in Toronto

BANK OF Montreal, the third largest Canadian chartered bank, has signalled the end of an era with the announcement that Mr William Mulholland will stand down as chief exec-ntive in June. He will be replaced by Mr Matthew Barreft, the current president

The antocratic Mr Mulholland has presided authorita-tively over the bank'e affairs since his appointment as chief executive exactly 10 years ago. He intends to continue as chairman until January

The Irish-born Mr Barrett,
44, has worked his way up
through the ranks having
joined the bank in London in
1952. He has been widely
assumed to be the heir-apparent since his appointment as
president in November 1987.
Under Mr Mulholland, the
bank embarked on a number bank embarked on a number of important strategic thrusts, including the 1984 purchase of Harris Bankcorp – the third largest bank in Illinois – and the move into securities in 1987 with the acquisition of 75 per cent of Neshitt Thomson.
The bank has, however, been plagued by a continual haemorrhaging of senior execu-

Citicorp's result cheers analysts

CITICORP, the higgest commercial US bank, reports a sharp increase in its quarterly earnings. Although the latest higher figures were due largely to the receipt of overdue interest payments from Brazil, analysts welcomed the news as further confirmation of a sig-nificant turnround in the com-mercial bank sector.

mercial bank sector.

Fourth-quarter net profits were \$747m or \$2.19 per share making \$1.86m or \$5.36 for all 1988. Quarterly profits a year ago were \$621m or \$1.82.

However, the latest quarter included an after-tax benefit of \$428m from the resument dur. shall an anter-ax benefit of \$438m from the payment during the quarter of nearly two years' worth of overdue interest by Brazil. Partly offsetting the one-time benefit from Brazil was the non-accrual of loans to Argentina and a \$211m increase in Citicorp's allowance for possible credit losses.

Citicorp led other US banks in sharply reducing its expo-sure to troubled Third World countries. The bank cut its

portfolio in these countries by \$1.2bn to \$13.3bn during the course of 1988. The bank man-aged to do this while charging only \$399m of losses to its reserves. This reduction was net of the extension of \$400m in new credits under various Third World restructuring

agreements.
Citicorp's non-interest
income fell by \$503m to \$5.4bn
during 1988 as a whole and
declined by \$478m to \$1.33bn in the fourth quarter. Non-interest expenses for the year grew by 6 per cent, excluding special restructuring costs, and by an underlying 6 per cent in the fourth quarter.

J.P. Morgan, another big US

banking group, reported fourth-quarter net profits of \$258.1m or \$1.38 a share against \$224.1m or \$1.21 e year earlier. The latest quarterly profits were boosted by the inclusion of overdue Brazilian interest payments of \$240m net. Excluding these, the quarter's profits

ally strong results a year ago.
For 1988 as a whole, Morgan
reported net profits of \$\$1bn or \$5.38 a share, against \$83.3m or 39 cents a share in 1987, after a

special provision of \$875m for possible credit losses in the Third World.

Morgan nsed these loss reserves to finance substantial cuthacks in its exposure to Third World countries which have restructured their debts. In 1968 it reduced its outstandings to restructuring countries by 15 per cent or \$800m. In the fourth quarter these loans were cut by \$100m, to stand at \$4.6bn at the end of 1988. To cut its Third World exposure, the bank recognised losses of \$425m in 1988, equivalent to more than 50 per cent of the more than 50 per cent of the loans sold or swapped. All of these losses were charged against Morgan'e loss reserves, which declined to \$1.48bn at the end of 1988, \$226m lower than the reserves a year

Its non-interest operating

income fell by 8.7 per cent to \$377.1m in the fourth quarter, but rose 9 per cent to \$1.550n in 1988 as a whole. Non-inter-est expenses continued to rise significantly, although the bank took credit for reducing the rate of grayth.

the rate of growth.
Non-interest expenses for 1968 rose by 11.7 per cent to \$1.80n, despite a small decline in Morgan's worldwide staff. The bank noted this was "sub-The bank noted this was substantially below" the 20.1 per cent rise in expenses during 1987. In the fourth quarter expenses grew by 9.9 per cent. principally as a result of higher incentive pay.

Security Pacific, the leading

Los Angeles benk, reported fourth-quarter net earnings of \$169.5m or \$1.46 a share and \$638.9m or \$5.59 for all 1988.

Wells Fargo's fourth-quarter

net income rose to \$136m or \$2.45 a share, compared with \$111.2m or \$1.95 previously. Net income for all 1988 totalled \$512.5m or \$9.20, up from \$50.8m or 52 cents for 1987.

St-Gobain gain beats forecasts

SAINT-GOBAIN, the French glass and construction materials group, said yesterday it pro-visionally estimates its 1988 consolidated net income, after payments to minority interests, was about FFr4bn (\$632m), a jump of 60 per cent from 1987's FFr2.52bn

The rise was greater than had been anticipated by many analysts. Most forecasts for Saint-Gobain's 1988 net income predicted an increase of around 40 to 45 per cent. The company said that excluding non-recurring gains from asset sales, its net consolidated income for 1988 was approximately FFr3.1bn, up 47.6 per cent from FFr2.1bn in

the 1988 estimated earnings indicate an acceleration in Saint-Gobain'e profitability in

the second half of last year. The company turned in net income for the first six months of 1988 of FFr1.75bn, up 49 per cent from a year earlier. Saint-Gobain's second-half

Analysts commented that

earnings were affected by a non-recurring gain of about FF7500m from the sale of Saunier-Duval, the group's pipe and machinery unit, to a group of investors last autumn, ana-

Cologne Re shows solid growth

GROSS PREMIUMS at Kölnische Rückversicherung (Cologne Re), one of West Germany's leading re-insurance groups, rose by about 14 per cent to DMI.9bn (\$1.02bn) at parent company level and 16 per cent to around DM2.9bn including subsidiaries, according to preliminary figures released for 1968.

Net profits for the group, which is the world's oldest reinsurer, should climb to around DM20m from DM16.2m in 1967, roughly repeating the 23 per cent increase notched up GROSS PREMIUMS at in 1987, the company said.

Results for last year were "very satisfactory," according to the company, which earlier this month announced plans to raise DM47.5m through a rights issue. Cologne Re will issue 100,000 new non-voting preference shares at DM475m each. Timing for the deal has not

yet been revealed, but it may be late next month, say observ-

Cologne Re escaped any especially large damage claims last year, which, it says, partly

explains its sharp profits increase. As a result, it has also been able to make forecasts for its preliminary profits unusually quickly for a com-pany in the re-insurance business, where long time lags involving big claims are commonplace.

Higher investment earnings also played a part in boosting earnigns last year, as did an improvement in the gronp's foreign business. Precise details for the 1988 results will not be released until later this

VAW eyes Sept Iles for smelter site

By Robert Gibbens

VAW, West Germany's leading aluminium producer, is again looking at the Sept Hes area of north-eastern Quebec to locate a smelter.

It is attracted by favourable

It is attracted by favourable power rates, year-round shipping from a deep-water port and less stringent environmental standards than at home.

VAW could go ahead with the project alone or join the Alonette consortium planning a smelter with capacity of nearly 300,00 tonnes a year at Sept Hes, almost 700 miles north-east of Montreal on the St Lawrence north shore. The St Lawrence north shore. The company carried out feasibility studies for a solo project in 1981-82, but backed away because of low metal prices.

The Alouette consortium includes Austria Metal, a Japanese group, e Quebec govern-

ment agency and Reynolds
Metals, of the US.
Reynolds would not say
whether it will stay in the
Alouette consortium or further
expand its 350,000 tonnes a year smelter at Bale Comeau, nearer Quebec City.

New Issue January 17, 1989

CITY OF COPENHAGEN

Canadian Dollars 65,000,000 103/4% Notes due 1994



This announcement appears

as a matter of record only.

Deutsche Bank Capital Markets

Bank Brussel Lambert N.V.

Privatbanken A/S

Algemene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V.

Daiwa Europe Limited

IBJ International

Morgan Stanley International

Sanwa International Limited

Generale Bank

Kredietbank S.A. Luxembourgeoise

The Nikko Securities Co., (Europe) Ltd. Westdeutsche Landesbank **BNP Capital Markets**

Hambros Bank

Mitsubishi Finance International Limited

Salomon Brothers International Limited

Yamaichi International

(Europe) Limited

Nationwide Anglia San £250,000,000

Floating Rate Notes Due 1996
(Issued by Nationwide Building Society)

Interest Period: 17 January, 1989 to 17 April, 1989 Interest Amount per £5,000 Note due 17 April, 1989: £163.05

Interest Rate: 13.225% p.a.

Interest Amount per £50,000 Note due 17 April, 1989: £1,630.48 Agent Bank Baring Brothers & Co., Limited

Client and Assignment

Holdings Limited
Sale of a 50% interest in Fukada-Kidde Co.
Ltd. to Fukada Kogyo Co., Ltd.

Hubbard Construction Company Sale to Entreprise Jean Lefebvre

Irving Bank Corporation
Acquisition of Slavenburg Corporation from
Credit Lyonnais Bank Nederland N.V.

John Hancock Property & Casualty
Holdings Company
Divestiture of John Hancock (U.K.) Insurance
Company Limited to WASA International
Insurance Company Limited*

Companies Sale of a 50% interest in Orient Koeki Kabushiki Kaisha to a management investor

Industrial Cartonera, S.A. Sale to Jefferson Smurfit Group p.L.c.

Kaiser International Services

Hanson Kidde International

Approximate

(in thousands)

Undisclosed

Undisclosed

Undisclosed

Undisclosed

Undisclosed

Undisclosed

1 1

SALOMON BROTHERS M&A: VALUE FOR OUR CLIENTS

During 1988, Salomon Brothers provided merger and acquisition services to clients worldwide in 169 publicly-disclosed transactions with an aggregate value in excess of U.S. \$76 billion. Many involved cross-border transactions and 17 exceeded U.S. \$1 billion in value.

publicly-disclosed trans				group KaiserTech Limited	Undisclosed
in excess of U.S. \$76 bit transactions and 17 exc				Divestiture of FarBest Corporation to Diversey Corporation, a wholly owned subsidiary of The Molson Companies Limited	
In each case Salomon I capabilities were dedica				Management Group Acquisition of the Cinema de France, Photovision and EDI 92 divisions of	Undisclosed
clients' specific strategie	5-25	al objectives.		Publications Denis Jacob* Osaka Titanium Co., Ltd. Sumitomo Metal Industries, Ltd. Acquisition of the Semiconductor Division of Cincinnati Milacron, Inc.*	Undisclosed
INTERNATION	XX		Approximote Size	The Rymer Company Divestiture of Sea Watch International, Ltd. to Nichirei Corporation	Undisclosed
1	The state of the s	Client ond Assignment	(in thousands)	Siemens AG	Undisclosed
Client and Assignment	Approximote Size (in thousands)	Quintex Australia Limited Acquisition of Princeville Corporation	\$74,000	Sale to Hoechst AG of a participation in Sigri GmbH held through Plania Beteiligungsgesellschaft GmbH	*****
		Triplex Lloyd plc Acquisition of Christy Hunt plc*	58,000	The Southland Corporation Divestiture of the Reddy Ice Division to Reddy	Undisclosed
Cartera Central S.A. Advised Cartera Central S.A., a minority shareholder, in connection with the merger of Banco Central, S.A. with Banco Español de Crédito, S.A.*	\$10,081,000	Alexander & Alexander Services Inc. Divestiture of the Sphere Drake Insurance Group Public Umited Company to Sphere Drake Acquisition (U.K.) Limited	56,000	Ice, Ltd. United Technologies Corporation Divestiture of the European Operations of Essex Group, Inc. to Von Roll AG	- Undisclosed
Banco de Bilbao, S.A. Merger of equals with Banco de Vizcaya, S.A.	6,220,000	The Nippon Credit Bank, Ltd. Acquisition of an 85% interest in Beekman Partners*	50,000	WITCHIELD TO VOICE	
Bond Corporation Holdings Limited Acquisition of G. Heileman Brewing Company, Inc.	1,300,000	FIC Lilley plc Advised a new management group and assisted and participated in the financing of	47,000	Santa Fe Southern Pacific	\$7,300,000
The Seagram Company Ltd.	1,200,000	the transaction	22.000	Corporation	42,505,650
Acquisition of Tropicana Products, Inc. from Beatrice U.S. Food Corp.		Conex Corporation Divestiture of Conex Buffalo Corporation to IMI	33,000	Leveraged recapitalization Mobil Corporation	3,800,000
ENCOR Energy Corporation Inc. Sale to TCPL Energy Limited, a wholly owned subsidiary of TransCanada Pipelines Limited	846,000	plc GKN plc Acquisition of Mid-America Industries, Inc.	15,000	Divestiture of Montgomery Ward & Co., Incorporated to a management-led investor group	, , , ,
Bessemer Securities Corporation	783,300	Meggitt Holdings plc Acquisition of KDG Holdings Limited	15,000	San Diego Gas & Electric Company Merger with SCEcop [*]	2,600,000
Cilluffo Associates, L.P. Advised Bessemer Securities Corporation and Cilluffo Associates, L.P., minority shareholders, in connection with the accruisition of		Salomon Brothers Holding Company Acquisition of a 20% interest in DFC New	15,000	USG Corporation Leveraged recapitalization	2,600,000
in connection with the acquisition of Intermedics, Inc. by Sulzer Brothers Limited Hachiette Publications, Inc. Acquisition of Diamandis	712,000	Zealand Limited Revco D.S., Inc. Divestiture of Crown Store Equipment Co. to Meridian Holdings plc	7,000	Lucky Stores, Inc. Advised the Board of Directors in connection with the Company's acquisition by American Stores Co.	2,510,000
Communications Inc. First Maryland Bancorp Advising the Special Committee of the Board	362,000	AMSTED Industries Incorporated Divestiture of Hydromation Belgium N.V. to Filterwerk Mann & Hummel GmbH	Undisclosed	Fleet Financial Group, Inc. Norstar Bancorp Inc. Merger of equals	2,250,000
of Directors on the Company's acquisition by Allied Irish Banks plc	go. 000	Aspen Skiing Company Divestiture of Breckenridge Skiing Company to	Undisclosed	Santa Fe Southern Pacific Corporation	1,800,000
The Bank of Nova Scotia Acquisition of The McLeod Young Weir Corporation	321,000	Victoria Co., Ltd. Bond Corporation Holdings Limited	Undisclosed	Divestiture of Southern Pacific Transportation Company to Rio Grande Industries, Inc.	
IFINT S.A. Acquisition of a minority interest in Fireman's	300,000	Divestiture of Heileman Baking Company to RT Holding S.A.		GAF Corporation Advising the Special Committee of the Board	1,500,000
Fund Corporation Addison-Wesley Publishing Company, Inc.	284,000	Bond Corporation Holdings Limited Divestiture of Red Seal Snack Foods Company to Borden, Inc.	Undisclosed	of Directors in connection with a leveraged buyout proposal from a management-led investor group	
Sale to Pearson pic Repsol Exploracion, S.A.	272,000	Bond Corporation Holdings Limited Divestiture of Barrel-O-Fun Snack Foods Company to a management-led investor group	Undisclosed	KaiserTech Limited Advised the Special Committee of the Board of Directors in connection with the Company's	1,033,000
Accussition of a 25% interest in Repsol Occidental Corporation from Occidental Petroleum Corporation	222.022	Bond Corporation Holdings Limited Divestiture of Wilmar Nut and Cookie Company to a management-led investor group	Undisclosed	Maytag Corporation Acquisition of Chicago Pacific Corporation*	1,017,000
Kidde, Inc., an indirect wholly-owned subsidiary of Hanson plc Divestiture of the Fire Protection Group to Pilgram House Group plc	266,000	CFO Publishing Corporation Sale of a controlling interest to The Economist Newspaper Group, Inc.	Undisclosed	The E.F. Hutton Group Inc. Sale to Shearson Lehman Brothers Holdings Inc.	1,009,000
Arvin Industries, Inc. Acquisition of the Silencer Divisions from TI Group plc	204,000	Degussa AG Divestiture of the Activated Carbon and Grill Charcoal Operations to Calgon Carbon	Undisclosed	Amiac, Inc. Sale to IMB Realty Corporation The Beatrice P. DeLany Trusts	921,000
International Business Machines Corporation	150,000	Corporation FPL Group, Inc. Divestiture of Real Estate Data, Inc. and Damar	Undisclosed	Advised the Trusts in connection with the acquisition of Stanadyne, Inc. by Forstmann Little & Co.	822,000
Divestiture of Science Research Associates to Maxwell Communication Corporation		Corporation to Elsevier U.S. Holdings, a subsidiary of Elsevier NV		Bell & Howell Company	735,000
Centrafarm Group N.V. Sale to C&F Holding B.V.	109,000	The Gillette Company Sale of an interest in Eye Optics, Inc. to a	Undisclosed	Sale to Bell & Howelf Group, Inc., a newly- formed corporation organized by Robert M. Bass Group, Inc. and certain members of	
TVS Entertainment plc Sale of an interest in TVS Entertainment plc in connection with the acquisition of MTM	100,000	wholly owned subsidiary of Grand Metropolitan plc Hanson Kidde International	Hadralan I	PNC Financial Corp	720,000
Entertainment, Inc. State Government Insurance	85,500	Holdings Limited	Undisclosed	Acquisition of The Central Bancorporation, Inc.	
Commission of Western Australia Acquisition of a minority interest in The Bell Group Limited	60,000	Sale of a 62% interest in Fenwal Controls of Japan, Ltd. to SSP Engineering Co., Ltd. Hanson Kidde International	Undisclosed	Credithrift Financial Corporation Acquisition of Manufacturers Hanover Consumer Services Group, Inc.	685,000
Bell Group International Limited Divestiture of Bryanston Insurance Company Limited to Wayshot Limited, a management- buyout investor group*	75,000	Holdings Limited Sale of a 50% interest in Japan Toledo Commentator Co., Ltd. to Kusatsu Electric Co., Ltd.		The Mead Corporation Scott Paper Company Divestiture of Brunswick Pulp & Paper Company to Georgia-Pacific Corporation	665,000

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	Approximate		Approximate		Approximate
Client and Assignment	Size (in thousands)	Client and Assignment	Size (in thousands)	Client and Assignment	Size (in thousands)
Chemical Banking Corporation Advised the Board of Directors in connection with the Company's merger with Horizon	\$ 660,000	Champion Spark Plug Company Divestiture of The DeVilbiss Company to Eagle Industries. Inc.	\$95,000	Gaylord Container Corporation Divestiture of the Baltimore Ohio Mill to Somerset Capital Corporation	Undisclosed
Bancorp National City Corporation Acquisition of First Kentucky	660,000	Salomon Brothers Holding Company Divestiture of Residential Funding Corporation to Anchor Savings Bank FSB	60,000	General Motors Corporation Divestiture of the Detroit Diesel Business to Detroit Diesel Corporation	Undisclosed
National Corporation Santa Fe Southern Pacific Corporation	460,000	The Western & Southern Life Insurance Company Acquisition of a minority interest in Cincinnati	60,000	Gerber Products Company Divestiture of Gerber Furniture Group, Inc. to Wingate Partners LP.	Undisclosed
Divestiture of Santa Re Pacific Timber Company to Sierra Pacific Industries USG Corporation	400,000	Bell Inc. TVX Broadcast Group Inc. Divestiture of TVX of Miami, Inc. to	59,000	Guild Mortgage Corporation Divestiture of the Red Carpet Holding Company to Central Holding Company	Undisclosed
Divestiture of Masonite Corporation to International Paper Company Kohlberg Kravis Roberts & Co.	364,000	CBS Inc.* L. F. Rothschild Holdings Inc. Sale to Franklin Financial Services, Inc.	50,000	HRE Corporation Divestiture of HRE Leasing Corporation to Norwest Financial, Inc.*	Undisclosed
Acquisition of Seaman Furniture Company, Inc. TVX Broadcast Group Inc.	340,000	Crompton & Knowles Corporation Acquisition of Ingredient Technology Corporation	43,000	Halliburton Company Merger of Geophysical Service, Inc. and Geoscurce, Inc.	Undisclosed.
Recapitalization and restructuring Timeplex, Inc.	337,000	Merchants Capital Corporation Divestiture of MerchantsBank of Boston and its	43,000	International Business Machines Corporation	Undisclosed
Sale to Unisys Corporation ARA Services, Inc.	292,000	subsidiary Farraqut Mortgage Co. to a management-led investor group		Divestiture of copier service and marketing rights in the U.S. to Eastman Kodak Co.	
Leveraged recepitalization Amfac, Inc.	276,000	Circle Express Inc. Acquisition of Roadrunner Enterprises, Inc.	37,000	KaiserTech Limited Divestiture of the Brine Chemicals Division to	Undisclosed
Diversiture of Lamb-Weston, Inc. to ConAgra, Inc. and Golden Valley Microwave Foods, Inc. The Home Group, Inc.	268,000	Washington Mutual Savings Bank Acquisition of Columbia Federal Savings Bank	37,000	The Reilly Tar & Chemical Corporation KaiserTech Limited Divestiture of Ravenswood Works to Stanwich	Undisclosed
Acquisition of Carteret Bancorp Inc. KaiserTech Limited		Santa Fe Southern Pacific	36,000	Partners, Inc.* Kraft, Inc.	Undisclosed
Divestiture of Harshaw/Filtrol Partnership to Engelhard Corp.	264,000	Corporation Divestiture of Black Mesa Pipelines, Inc. to Williams Technologies, Inc.		Divestiture of Avoset Corp. to MorningStar Foods Inc.	
Welbilt Corporation Advised the Special Committee of the Board of	245,000	Atlanta Gas Light Company Acquisition of the Chattanooga Gas Division of	35,000	Kusan, Inc. Leveraged recapitalization	Undisclosed
Directors in connection with a leveraged buyout proposal from Kohlberg & Co. and management		Jupiter Industries Elder-Beerman Stores Corporation Sale to EB Acquisition Co.	32,000	Bank Creditors of LTV Aerospace and Defense Corporation Advising the Creditors in connection with the	Undisclosed
The Southland Corporation Divestiture of the Dairies Group to MorningStar Foods Inc.	242,000	Pittway Corporation Divestiture of Saddlebrook Resorts, Inc. to DAD Resorts Acquisitions, Inc.	31,600	Company's reorganization under Chapter 11* Leach McMicking & Company Divestiture of Sterling, Inc. to Gilliam Joseph &	Undisclosed
Fleet/Norstar Financial Group, Inc.	238,000	Freedom Federal Savings Bank Merger with Household Savings Bank, F.S.B.	. 31,000	Littlejohn Lucky Stores, Inc.	Undisclosed
Acquisition of Indian Head Banks, Inc. Harvard Industries, Inc. Advised the Special Committee of the Board of	231,000	Amfac, Inc. Divestiture of Monterey Mushrooms, Inc.	30,000	Advised the Board of Directors in connection with the sale of selected assets of the Southwestern Division of Lucky Stores. Inc. to	CIALICICOCA
Directors in connection with a leveraged buyout proposal from a management-led investor group		Amycel Inc., and Spawn Mate, Inc. to a management-led investor group The Union Central Life Insurance	27,000	ABCO Markets, Inc., an affiliate of Odyssey Partners Microcom, Inc.	Undisclosed
Kohlberg Kravis Roberts & Co. Divestiture of American Forest Products Co. to	228,000	Company Acquisition of Manhattan National Corporation through the purchase of the remaining 46% of		Acquisition of Relay Communications, Inc. Pennsylvania Enterprises, Inc.	Undisclosed
Georgia-Pacific Corporation The Penn Traffic Company	211,000	the outstanding shares' Revco D.S., Inc.	26,000	Financial advisory* Official Committee of Unsecured	Undisclosed
Acquisition of PitC Foods, Inc. Santa Fe Southern Pacific	206,000	Divestiture of Carl's Drug Co. to Victory Markets Inc.		Creditors of Public Service Company of New Hampshire	
Corporation Divestiture of Santa Fe Pipeline Company, Southwest Pipeline Company, Santa Fe Marketing Company, Gulf Central Pipeline		MDC Asset Investors, Inc. Acquisition of Guild Mortgage Investments, Inc.	25,000	Advising the Committee in connection with the Company's reorganization under Chapter 11* The Quaker Oats Company	Undisclosed
Marketing Company, Gulf Central Pipeline Company, Gulf Central Storage Terminal Company, and Gulf Central Storage and Terminal Company of Nebraska to Koch		Rochester Telephone Corporation Acquisition of C, C & S Systems, Inc.	25,000	Divestiture of Paymaster Holding Corp. to International Proteins Corporation Ramada Inc.	Undisclosed
Inclustries, Inc.	200,000	Cronus Industries, Inc. Sale of a minority interest to P.E. Esping	10,000	Restructuring involving divestiture of the Hotel Group and the Restaurant Group and a	Characheser
H. F. Ahmanson & Company Acquisition of The Bowery Savings Bank	200,000	Microcom, Inc. Acquisition of Meridian Technology, Inc. and	10,000	distribution of cash and securities to shareholders*	
Rhodes, Inc. Sale to RHD Holdings Corp. Senta Fe Southern Pacific	200,000 188,000	certain assets of Carbon Copy Limited Partnership TVX Broadcast Group Inc.	6,000	Senior Secured Creditors of Reading & Bates Corporation Advising the Creditors in connection with the	Undisclosed
Corporation Divestiture of Bankers Leasing and Financial		Divestiture of TVX of Nashville, Inc. to an investor group		Company's financial restructuring Rochester Telephone Corporation	Undisclosed
Corporation to Citicorp KDI Corporation Advised the Special Committee of the Board of	187,000	TVX Broadcast Group Inc. Divestiture of TVX of Pine Bluff, Inc. to an investor group	6,000	Divestiture of Chicago-Cleveland Fiber Optic Network to The Williams Companies, Inc.	
Directors in connection with a leveraged buyout proposal from a management-led investor group		AMSTED Industries Incorporated Divestiture of PACO Pumps, Inc. to The Jordan Company and Associates	Undisclosed	Sealy, Incorporated Advised the Special Committee of the Board of Directors in connection with a cash merger with The Ohio Mattress Company	Undisclosed
Gaylord Container Corporation Acquisition of the Container Products Division	156,000	American City Business Journals, Inc.	Undisclosed	Shade Information Systems Inc. Sale to ILK II Corporation	Undisclosed
of Fiberboard Corporation, a subsidiary of Louisiana-Pacific Corporation CBI Industries, Inc.	150,000	Advising the Special Committee of the Board of Directors in connection with a leveraged buyout proposal from TA Associates		Official Unsecured Creditors Committee of Smith International, Inc.	Undisclosed
Leveraged recapitalization through implementation of a leveraged ESOP and a		Communications* Bahia de San Francisco Television	Undisclosed	Advised the Committee in connection with the Company's reorganization under Chapter 11	
share repurchase program The Southland Corporation Divestiture of the Chief Auto Parts Division to	136,000	Company Divestiture of KDTV-Channel 14 to Spanish International Communications Corporation		The Southland Corporation Divestiture of the Snack Foods Division to Vesper Corporation	Undisclosed
Chief Auto Parts Inc. LFC Financial Corp Acquisition of Ransburg Corporation*	130,000	Campbell Soup Company Divestiture of Pietro's Corp. to Dimeling, Schreiber & Dalglish	Undisclosed	The Southland Corporation Divestiture of the Tidel Systems Division to Tidel Systems, Inc.	Undisclosed
Kaiser lech Limited Divestiture of the Industrial Chemicals Division	113,000	Cavenham Forest Industries Inc. Divestiture of Omak Wood Products to a group	Undisclosed	The Southland Corporation Divestiture of A.C. Trask Company to AMAX Inc.	Undisclosed
Amfac, Inc. Divestiture of the Amfac Health Care Division	112,000	led by Local 3023 of the Lumber, Plywood and Industrial Workers Union Chemical Banking Corporation	Undisclosed .	Stanley Interiors Corporation Divestitute of Payne Fabrics to Azimuth	Undisclosed
to a management-led investor group The Beard Company Restructuring and merger with Union Pacific	110,000	Divestiture of the Factoring Business to The Citizens & Southern Corporation Chemical Processors, Inc.	Undisclosed	Corporation Starcraft Corporation Divestiture of Starcraft Power Boats Corp. to	Undisclosed
Corporation Continental Corporation Divestiture of National Life Assurance to	104,000	Chemical Processors, inc. Sale of a majority interest to Glacier Park Company a wholly owned subsidiary of Burlington Northern Inc.		Brunswick Corporation United Technologies Corporation Divestiture of the Domestic Operations	Undisclosed
Industrial-Alliance Life Insurance Corporation CNW Corporation	100,000	FPL Group, Inc. Divestiture of CBR Information Group, Inc. to Integrated, Inc.	Undisclosed	of Essex Group, Inc. to MS/Essex Holdings Inc. VMG Enterprises, Inc.	Undisclosed
Divestiture of Douglas Dynamics, Inc. to Park- Kenilworth Industries, Inc. Holly Sugar Corporation	100,000	Fairchild Industries, Inc. Financial advisory	Undisclosed	Sale to Prudential Venture Capital Management, Inc.	
Sale to Imperial Sugar Company Wingrate Partners, L.P.	96,000	Fleet/Norstar Financial	Undisclosed	Washington Mutual Savings Bank Acquisition of Shoreline Savings Bank	Undisclosed
Acquisition of Redman Inclustries, Inc.		Divestiture of Chapdelaine & Co. Government Securities, Inc. to CGS Holdings Inc.			

*Pending

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MIDDLE EAST APPOINTMENTS

Project and Trade Finance Manager

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The position responsibilities will include the formulation and implementation of agreed business plans to promote the corporation services and products and to establish and maintain client relationships. Team leadership skills will be necessary to supervise, motivate and train staff and to co-ordinate inter-department activities within the

The incumbent will also prepare for approval the annual budget for the department and control its activities within the agreed terms.

Manager of Capital Markets

This important management position reports directly to the Head of Treasury and Capital Markets Group. Suitable candidates must have experience with a proven track record in the following:-

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INTERNATIONAL COMPANIES AND FINANCE

Fiat chief indicates 20% advance in operating earnings

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MR CESARE ROMITI Fiat's managing director, has indicated that the Turin-based automotive group's 1988 operating profit was around 20 per cent ahead of the U.S.10Mm Thas been taken up by the Companying on Italian televities of the Testing profit was around 20 per cent ahead of the U.S.10Mm Thas been taken up by the Companying on Italian televities of the Testing and the Conducting on the Conducting of the

sion, Mr Romiti said the increased profit was struck on consolidated group turnover of around L45,000bn, which would represent a rise of 17 per cent on the previous L38,435bn.

A 20 per cent rise on the 1987

A 20 per cent rise on the 1987. operating profit would suggest a 1988 result of more than 13,700hn, but a Fist official in Turin said the actual figure would probably be between 13,600hn and 13,700hn.

The exact outcome will be released next week in an annual letter to shareholders from Mr Gianni Agnelli, the Fist chairman. Fist's group net

Fiat chairman. Fiat's group net profit in 1987 was up by 9.8 per cent to I.2.378bn. Mr Romiti also used his tele-Mr Romiti also used his television interview last night to
deny again accusations that
Fiat has been engaged in
unfair and discriminatory practices in its treatment of trade
union members. The charges of
harassment and intimidation

Mr Romiti also used his teleconfederations.

Mr Rolaffi's resignation is an
indication of the divisions
which exist among trade union
leaders and the desire of the
more militant leaders to
wage a firmer battle against
Fiat.

of workers at Fiat's Alfa Romeo plant near Milan have been levelled by several trade union militants and at the

is meanwhile conducting an investigation of conditions at Flat plants and Mr Romiti went to Rome yesterday to discuss the allegations with Mr Rino Formica, the Labour Min-

 Mr Guido Bolaffi, the con-froversial leader in charge of car sector negotiations at Fiom-CGIL. Italy's biggest trade union, has resigned. He had been criticised by fellow unionists for his handling of wage negotiations with Flat last summer.

His union refused to sign a new deal which Fiat then proceeded to agree with CISL and UIL, Italy's two other union confederations.

Roche sales 13% ahead at record SFr8.67bn

By John Wicks in Zurich

F. HOFFMANN-La Roche, the introduced products.

Swiss chemicals and pharmaceuticals producer, achieved a vitamins and fine control of the con 13 per cent increase in group turnover last year to a record SFr8.67bn (\$5.47bn) and expects profits to be "well above" the 1987 level of SFr482in.

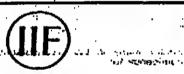
According to the Basic based parent company, the rise in turnover was due primarily to an increase in sales volume. At the same time, the steadier dolper cent to SFr946m. The lar and a weakening of the instruments division, the Swiss franc are also said to divestment of which was have contributed to the

strong performance by recently

The other major division,

vitamins and fine chemicals. shiwed a 10 per cent growth to SFr2.25bn, with demand up particularly in animal nntri-tion and foodstuffs. Elsewhere, sales by the diag-

nostics division jumped by 22 per cent to SFrl 06bn, while those for flavours and fragrances increased at a rate of 7 recently announced, remained almost stable with sales of In terms of local currencies, SFr60m. Sales of agrichemicals turnover went up by 16 per cent on the previous year's figure. Pharmaceuticals sales rose 14 per cent to SF33.52bn, with a considerable increase at the Swiss-based Maag.



40 the Holders or

International Income Fund

Short Term & Units

Distribution Units - in Bearer Form Short Term '8' Units.

Distribution Units - in Bearer Form Long Term Units - All Holders

Midfand Bank Trust Corporation (Jersey) Limited as Trustee Middend Benk-Irust Corporation (Jersey) Limited as Trustee of the above mentioned Fund has declared the following dividends per Unit for the financial period ended 31st December, 1988, payable on the 31st January, 1989, in respect of Units in Issue on 31st December, 1988.

Short Term 'A' Units - Distribution Units Nil Dividend

Short Term 'B' Units - Distribution Units

Nit Dividend
Long Term Units
U\$\$2.00 per Unit – payable against Coupon No. 28. Unit holders should send their Coupons to either the Trustee

at 28/34 Hill Street, St. Helier, Jersey, Channel Islands or to one of the following Paying Agents:-

EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St. Heller, Jersey, C.I. Bankers Trust Company, One Bankers Trust Plaza, New York, N.Y. 10005.

Banque Générale du Luxembourg S.A., 14 Rue Aldringen. Luxembourg.

Arrangements have been made whereby holders of all Long Term Units in Issue at 31st January, 1989 may reinvest the dividend paid at that date in additional units at a purchase price equal to the Net Asset Value per Unit at 29th January, 1989 (as an indication, the Net Asset Value per Unit was US\$29.45 on 8th January, 1989). This right will be terminated at the close of business on 28th February, 1989. Long Term Unit holders who desire to reinvest their dividend should advise the Trustee or Paying Agent accordingly when presenting their coupons for payment.

Midland Bank Trust Corporation (Jersey) Limited Dated 18th January, 1989

US \$600,000,000



Banque Nationale de Paris

Partly Paid Registered Floating Rate Notes Due 1995

. 9.6125% p.a. Aggregate Rate Interest Period Interest Amount per

18th January 1989 18th July 1989 U.S. \$250,000 Note due U.S. \$12,396.62 18th July 1989

Credit Suisse First Boston Limited

Agent Bank

1.643751% p.a.

High yen squeezes Brother profits

BROTHER INDUSTRIES, the Japanese producer of equip-ment ranging from sewing and knitting machines to typewrit-ers and machine tools, showed a nearly one-fifth setback in full-year pre-tax profits to Y6.35bn (\$50m) compared with Y7.90bn.

The result, for the year to November 20, came on sales marginally ahead at Y167.1bn against Y166.5bn. This was its first upturn in four years, and

Bangkok Bank lifts income

BANGKOK BANK, the largest in Thailand and the Asian region, lifted pre-tax profits 37.3 per cent last year to 3.13bn baht (\$121 lm) in a further year of expansion, writes our Finan-cial Staff.

The pace slowed from the 70.1 per cent advance recorded in 1987. Year-end assets were given as 350.8bn baht compared with 301.0bn baht. Net earnings were 1.84bn baht against 1.52bn baht.

Horidoccomonida

Revenue ...

Low grade gold plant Ore miled.....

Other expenses - interest paid,

Profit before taxetion and , State's share of profit. Taxetion and State's share

Profit after texation and State share of profit

Capital expenditure Appropriation for loan

For and on behalf of the board

Reg. No. 66/03032/06

currency adjustments, stores adjustment and employee service benefits.....

Non-mining income

Gold Mining Co Lid

issued capital; 112 000 000 shares of 10 cents each

,391 000

50,64 14,94 35,70 31,682 9,347 22,335 16,801 5,842 13,959

799 000 90 869 0,11

448

84 456

61 283

11 432

101 279

10 226

Financial
The profit before taxation includes results of hedging transactions concluded during the querier.

curing the quener. In terms of the Company's articles of association, the directors' borrowing powers are limited to PS0 000 000. At 31 December 1988 borrowings totaled R7 820 000 (1987 : R8 475 000) of which long-tona borrowings amounted to R8 942 000 (1987 : R8 174 000) and short-term to R878 000 (1987 : R801 000).

Hedging transactions As at 31 December 1968 the Company had sold a portion of its future gold

The lorward price has been colculated at the R/S excharge rate ruling on 31 December 1988.

Dividend Interim dividend No. 66 of 80,0 cents per share, declared in November 1988, will be paid on or about 20 January 1989.

Offsctore: B.E. Hargov D.M.S., (Chairman), B.L. Bernstein Hon, LL.D, D.J. Crosss, J.J. Goldenfungs, E.P. Gueh, G.S. Lee, Clive S. Monell, T.L. Pretostus, J.C. Janes volt Planehum

Alternate clirectors: J.H.J. Bustes, P.J. Eustace, K.M. Hosting, T.C. Rees, G.J. Robbertze, J.E. van Nickerk, R.A.D. Wilson

Quarter ended 31 Dec 1988

344 000

5 818 10 191

Pilesko Copper Mines Ltd

Issued capital: 54 000 000 shares of 50 cents each

Kg of gold sold

nding commitments et 31 December 1988 are estimated at R16 705 000 plamber 1988 : R17 181 000).

Brother expects further growth in turnover this year to

Profits are projected to make only a partial recovery, though, to Y6.50bn.

Officials said the earnings drop resulted from the higher yen which squeezed foreign currency profits. Brother depended on overseas markets for 64 per cent of its business last year.

anti-dumping duties imposed by the European Community on Japanese shipments of com-puter printers, of which Amcor clinches paper group bid

The year was also marked by

AMCOR, the Australian forest products group, yesterday beat off a challenge from Sir Ron Brierley's Industrial Equity (IEL) for control of Edwards Dunlop, a paper merchant, by increasing its bid to A\$3.05 a share from A\$2.85, valuing the company at just under A\$85m. (US\$73.3m).

Amcor has also varied its bid to allow Edwards Dunlop shareholders to retain the

recently declared 4 cents a share interim dividend. The changes won the recommenda-tion of the target company's board – the new offer falls within a range of values deter-mined in a recent independent report on Edwards Dunlop by accountants Arthur Young.

of a revised offer from Courtaulds of the UK. The recommendation followed a report from Baring Brothers Burrows, the merchant bank, labelling Mr Rodney Price, IEL managing director, announced that his company was conceding the bid as fair and reasonable. The bid was raised last week to defeat and would accept the A\$5.70 a share from A\$5.

Brother has been a main exporter.

The company added that sales of products with large profit margins failed to show any significant gain. Whila sewing machine sales rose 1.5 per cent to Y52.8bn, those of information machines remained flat at Y75bm. Net earnings emerged 5.3 per cent lower at Y4.14bn, or Y15.98 per share, from Y4.37bn or Y17.08 a share. From this Brother paid a maintained total dividend of Y10.

> For the current year net earnings are forecast to reach only some Y3.5bn as a result of increased invest and equipment. ased investment in plant

Amoor bid for its 19.9 per cent

stake in Edwards Dunlop.

Directors of Tanbmans

Industries, a paint maker, have recommended acceptance

toria.
State Bank yesterday raised

The higher bid win immediate acceptance from the French-based Paribas group for its 14.99 per cent of the bank, taking State Bank's interest to nearly 32 per cent. This places State Bank ahead of its hidding rival, the MLC Life group,

share for the company. Earlier this week, MLC

State Bank closes on Australian rival

By Bruce Jacques in Sydney

A BATTLE for control of Australian Bank, which has already set a new deregulation precedent for the country's financial services industry, has swong in favour of the government-backed State Bank of Vic-

its bid for Australian Bank to A\$1.90 a chare from A\$1.65, valuing the target bank — one of the country's smallest — at A\$106m (US\$91m). The higher bid won immedi-

which is believed to control about 27 per cent of Australian Bank and is bidding A\$1.85 a

appeared favourite to take con-trol of Australian Bank when it became the first life office to be given federal government

clearance to bid for a bank. A key to the clearance was MLC's offer to distribute all but 10 per cent of its target's shares among its own policy-

holders.

• Mr Laurie Connell, the former head of Rothwells, the failed Perth merchant bank, has launched an attempt to have the courts halt a National Companies and Securities Commission investigation into

the company's affairs.

Mr Connell yesterday sought
an injunction in the Supreme
Court restraining the commission from continuing its probe. He claimed the commission had given an undertaking not to hold an investigation before the Western Australian Government and a group of Perth businessmen mounted an unsuccessful rescue operation for Rothwelle

Mr Connell also demanded court orders forcing the commission to reveal the nature of its inquiries if they did proceed. The case continues.



Six morrh. ended 31 Dec 198*

(582) 24 125 2 980 326 824

<u>756</u>

326 068

197 626

128 442

20 495

89 600 110 451

20 551

2 858

18,1 1 246 0,35 23,94

Forward price per kg sold

Six months ended 31 Dec 1968

690 000

ended 30 Sept 1988

346,000

R32 131

385 000

310

180 329

113 170

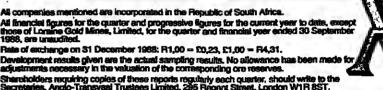
67 159

6 063

109

9 172

10325



All financial figures for the quarter and progressive ligures for the current year to date, except those of Loraine Gold Mines, Limited, for the quarter and financial year ended 30 September.

Development results given are the a adjustments necessary in the valual shareholders requiring copies of the	1968: R1,00 = £0,23, £1,00 = F4,31. ctual sampling results. No allowance has on of the corresponding ore reserves. se reports regularly each quarter, should res Limited, 265 Regent Street, London W	write to the		A
Prieska Copper Mines Limited - Continued	Loraine Gold Mines, Limi	ted - Cor	rtinued	
		Quester		Financial
Financial Despatches, which vary from quarter to quarter, are brought to account at their		ended	Quarter	year
estimated receivable value. Operating profit takes into account adjustments		31 Dec	30 Sept	30 Sept
following final price determinations on despetches made during previous		1968	1968	1968
quarters.		F1000	R000	19000
The operating profit for the quarter includes a further provision of FI978 000	Broughtforward,	6 733	14 249	45 610
towards the ameripated costs which will be incurred to comply with statutory and other obligations associated with the eventual closure of the mine. It is expected	Interest paid, stores	000	4 550	0.470
that similar quarterly provisions will be made during the belance of the financial	adjustment and service benefits	290	1 558	2176
year. The total amount provided to 31 December 1988 is R11 030 000	Profit before taxation and State's share of profit	8 453	12 691	43 434
(30 September 1988: R10 052 000).	Taxation and State's share	0-100	12.001	40 404
Capital expenditure	of profit	1 894	3 425	8 970
There were no outstanding commitments at 31 December 1988 (30 September	Profit after taxation and			
1988: NII).	State's share of profit	7 559	8 266	36 464
For and on behalf of the board	Capital expenditure	4 648	10.861	29 142
D. J. Crowe Directors	Appropriation for loan	7 4 .0	10 001	
PL.A. D. Wilson	repayments and adjustments			
Directors: D. J. Crown (Chairman), R. P. Filton, G. G. Gedenn, B. E. Hersov D.M.S.,	for currency fluctuations	34	163	253
D. A. Lynch, Clive S. Menell, D. J. Pednesult, FL A. D. Wilson	Unlisted investment	-	4 000	65
Alternate clirecture: D. A. Bleine, A. J. Brick, J. J. Goldenhoys, G. J. Robberton	Dividend		4 092	4 092
		4 682	15 118	33 552
· 18 January 1989	Development			
	Advanced	6 578	10 101	38 502
ALCOHOL CONTRACTOR	Sampling results:			
Rochmanne	Kimberley reals	636	400	1 044
Eosiem Honsvolo	Channel width	110	107	97
	Channelvalueg/t	7.6	7.4	7.4
Consolicated Mines Lic	cm.g/t	835	796	711
	Basal reef			
Reg. No. 01/0844206	Sampled	662	786	2876
Issued capital: 4 316 678 shares of 50 cents each	Charnel width	400.6	6	
repared column" 4 9 to 0x 6 satistes Ot 10 Cours Office	Champivatueg/t	100,9 858	85,5 727	83,8 704
Gowler Quarter Str months	Eldorado reefs	Quits.	141	.04
ended ended ended	Sampledm	764	756	3 154
31 Dec 30 Sept 31 Dec	Channel widthcm	106	126	105
1988 1988 1988	Channetvalueg/t	7,9	7.7	8,1
Operating results. Ore milled	,cm.g/t	844	970	857
Goldrecovered 892 940 1832	Total - all reets	4 000	4 44 44	-
Yield	Sampled M Channel width cm	1 962	1 942	7 074 65
Description Damillod 990.65 249.42 290.52	THE REPORT WILL I CONTROL OF THE PARTY OF TH	7**	73	000

	Conter	Quarter	. Stx months:
	ended	pobne	ended
	31 Dec 1988	30 Sept 1988	31 Dec 1988
Operating results		, ,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Ore milled1	91 400	92 200	183 800
Goldrecoveredkg	892	940	1 832
Yield	8.8	10.2	10.0
Revenue R/tmilled	330.56	348.42	339.53
Costs R/tmiled	139,72	138.73	139.22
Profit	190,84	209.69	200.31
Revenue	33 871	34 174	34 027
Costs F/kg	14 318	13 607	13 953
ProfitR/kg	18 555	20 567	20 074
Revenue	30 213	32 124	62 337
Costs	12 770	12 791	26.561
Profit R000	17 443	18 333	36 776
Financial results	F1000	12000	'R000
Working profit - gold mining	17 443	18 333	36 776
Non-mining income	1 341	914	. 2255
	16 764	20 247	39 031
Prospecting expenditure	. 2713	723	3 436
Profit before taxation	18 071	16 524	35 595
Taxation	3 420	8 005	11 425
Profit after taxation	12 651	11 519	24 170
Canital expenditure	8 608	6 415	15 023
Dividends	8475		. 6475
	15 083	8 415	21 498
	10 000	9410	E1 -10-0
Development			
Advanced	2396	2301	4 697
Sampling results:			
Sampled	1 060	847	1 907
Chennel widthcm	230	202	218
Channel valuea/t	6.9	12.5	9.2
cm.q/t	1 581	2532	2003
Financial			
The profit before taxation include	o moulte of hor	tries transact	loop constraint

during the quarter Forward price per kg sold

end No. 77 of 150 cents per share, declared in November 1968, will r about 20 January 1989. Capital expenditure
Outstanding commitments at 31 December 1988 are estimated at RS 387 000 (30 September 1988 : R9 199 000). Operations

Gold production for the quarter was adversely affected by operational problems with the new reaster. It is anticipated that these problems will be received during

For and on behalf of the board R. A. D. Wilson Directors D. J. Crowe Directors: R. A. D. Wilson (Chairman), D. J. Crows, J. J. Galdenhuya, B. E. Hersov D.M.S., Clave S. Menell, G. J. Robberton, J. E. van Naturic

Loreine Cold Mines, Lid Reg. No. 05/39138/06 Issued capital: 16 366 986 shares of R1,00 each

ende. 30 Sept 198 ended 31 Dec 1986 414 000 2 117 5,1 181,81 154,88 28,93 36 555 30 289 5 286 76 270 64 121 11 149 1 633 000 6 291 5,4 175,49 151,39 24,10 32 448 27 982 4 456 249 028 232 080 36 948 421 000 2 147 5,1 168,09 151,61 14,48 32 559 29 728 2 841 69 925 63 528 8 069 Financial results Working profit—gold Profit from sales of: R000 36 948 125 R000 8 099 708 2 926 9 733

36 464 29 142 38 502 1 044 97 7,4 711 2876 3 154 105 8,1 857 ouring the quarter. In terms of the Company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 31 December 1998 borrowings totalled R5 686 000 (1987 : R5 923 000), of which long-term borrowings amounted to R5 562 000 (1987 : R5 744 000) and short-term to R124 000 (1987 : R179 000). Hedging transactions
The Company has entered into certain option contracts so as to enhance gold revenue should the gold price be below \$410 per cunce during the quarters ending 31 March and 30 June 1989 respectively:

Put options purchased Quarter ending 933 kg (30 000 az) 933 kg (30 000 az) in addition the Company had, at 31 December 1968, sold a portion of its future gold production as detailed below: Forward price per kg sold Quarter ending 1 041 R32 131 The forward price has been calculated at the R/S exchange rate ruling on 31 December 1988.

Dividend
Dividend No. 11 of 25 cents per share, declared in October 1988 in respect of the previous financial year, was paid in December 1988. For and on behalf of the board

Obsciors: D. J. Crows (Chaimarn), J. J. Geldenburg, B. E. Hersov D.M.S., L. Hewitz, K. M. Hosking, G. C. Kraff, G. Maude, Cilve B. Monell, S. W. van der Colf, R. A. D. Wilson Alternate directors: J. H. J. Burlos, P. J. Eustace, B. J. Funston, T. C. Rees, G. J. Robbertze, J. E. van Nellest, K. A. West 16 January 1989

Consolicated Murchison Lid Reg. No. 05/05478/08 issued shere capital: 6 240 000 shares of 10 cents each,

Ctuerter ended 30 Sept 1988 F000 8 298 7 655 47 14 000 11 203 2 797 3 637 509 3 128 2 958 4mded 31 Dec 1988 R000 8 478 8 023 138 14 640 11 516 3 127 299 3 426 6 616 218 3 102 Financial regults 12 776 15 678 Cost of sales Profit after tocation ... Capital expenditure... Dividend 2 643

Provinces

Revenue from an increased tonnage of antimony sold this quarter compared to the previous quarter was ended by steadily weakening US dollar prices received and a stronger rand (R/\$2.41 as egeinst R/\$2.48 in the first quarter). Gold production improved to 256 kg compared to 244 kg last quarter accounting for the increased gold revenue. The average rand per kilogram price received for the quarter was R31 361.

Capital expanditure
Capital expanditure in the second half of the year will be substantially higher than
the R2,643 million incurred in the first six months. Capital commitments at
31 December 1988 are estimated at R216 000 (30 September 1988 : R335 000).

For and on behalf of the board M. W. Hawarden Directors R. A. D. Wilson

Directors: M. W. Hawarden (Chairmen), R. A. O. Wilson (Deputy chairmen), V. Q. Bray, W. D. Clough, D. J. Crowe, S. E. Horsey D. M. S., G. J. Jonier, Clive S. Monell, P. F. Relief.

Alternate directors: L. M. Brummer, P. W. J. Coenen, P. E. Ga

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED SI DECEMBER 1988 CONSOLIDATED INCOME STATEMENT Year ended ended 30 June 1888 nber 31 December 198 Rm Rm REVENUE 327.7 Income from investments 140.0 150,5 income from tees, interest and other sources 1212 57.9 448.8 197.9

1188 538 EXPENDITURE 88.0 Administration, technical 46.2 2.5 17.3 36.5 2.4 15.0 798 and general 50 34.0 Drilling and prospecting 330.1 8.1 185.4 PROFIT BEFORE TAX 144.0 138.8 0.5 322.0 1.0 PROFIT AFTER TAX PROFIT ATTRIBUTABLE TO GROUP 138.4 8.5 321.0 13.1 Preference dividend

PROFIT ATTREUTABLE TO ORDINARY SHARES 131.9 13.4 307.8 150.8 165 150.6 145.3 324.4 Unaudited 377 161 Earnings per ordinary share - cents 184 rds - per ordinary share - absorbing - Rm - times covered

6.5

er 31 December 30 June 1988 1887 77.9 Fixed assets 78.1 Investments Properties and ventures 64.4 59.1 102.5 Loans advanced 155.5 89.9 170.2 78.6 230.1 127.8 Current assets 1,407.4 1,156.8 1,232.2

11.3 1,146.4

1,157.7

1,052.9

1,062.9

8.0 975.9

983.9

CONSOLIDATED BALANCE SHEET

130.7 3.3 38.7 130.4 3.6 35.3 Preference share capital 3.7 115.7 Millority shareholders' interest 1,232.2 1,407.4 1,156.6 Listed - Market value 5,777.1 8.504.4 5.130.9 4,392,4 #738.8 **≠738.5** # 978.9 - Book value Unlisted - Book value 121.3 189.8

"Unaudited Including provision for diminution in value of R 74.1m Number of preference shares in issue Number of ordinary 4,499,100 4,503,716 4,503,716

Ordinary share capital

81,865,035 81,754,669 81,817,519 sheres in issue Net assets (as valued) per ordinary share - cents 8.018 7.301 NOTES f) The final dividend (no 81) of 125 cents per ordinary share in respect of the year ended 30 June 1988, absorbing R 102.3m, was declared on 16 August 1985 and paid on 5 October 1988.

six months ended 31 December 1988, absorbing R 6.5m. was declared on 8 December 1888 and is payable on 1 February 1989.

Prospects Provided that the average prices received by group mines during the course of the current half year, for gold and other metals and minerals, are not significantly lower than those received in the first half. net earnings for the full year should be modestly higher than those for the year 10 30 June 1988.

ii) A dividend (no 9) of 145 cents per preference share in respect of the

DECLARATION OF INTEREM DIVIDEND

Dividend No 82 of 70 cents per ordinary share has been declared in South African currency, payable 10 members registered in the books of the company at the close of business on 3 February 1989.

Warrants payable on 8 March 1988 will be posted on or about 7 March 1989. Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 3 February 1989 in accordance with the abovementioned conditions.

The register of members will be closed from 4 to 10 February 1989 inclusive.

On behalf of the Board R A Plumbridge | Directors

United Kingdom Registrer Hill Samuel Registrers Registered and Head Office Gold Fields Building London Office 31 Charles II St St James's Square Limited 6 Greencoat Place 75 Fox Street Johannesburg 2001 17 January 1989 A MEMBER OF THE GOLD PIELDS GROUP

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO , FTSE 100 . WALL STREET

an. 15 ar. 15	25/15 41/15	34 + 50 -	님	Jan. Mar.	1871/ 1891/	1881 1901	N/C	Jan. Mar.	2208/ 2220	2220 2232	1
Prices	taken	at !	5pm	and	change	ls fr	om j	previous	close	at 9p	m;

(Ĵ	R	A	7	\bigvee	II	_ [_ F	· ·
Ì	SP	ON	SOR	ED	SE	CUF		IES	
High	Low		Company		Price	Change	Gress div (p)	Yield	PIE
300	185	Ass. Brit. h	ed. Ordinary		300md	0	10.3	3.4	8.1
300	186	Ass. Brit. b			300	ŏ	10.0	3.3	
42	25				31	ŏ			
57	30	OBB Design	CUS carero a	W)	30	ō	2.3	6.8	4.8
173	155	Barden Gro	(32) qu		154	o	27	1.8	26.3
117	100	Bardon Gro	Cy. Pref.	'SE	107	Ö	6.7	6.3	-
148	103	Bray Techn			114	-1	5.2	4.6	7.9
114	700	Brembill G			109	0	11.0	10.1	-
287	246	CCL Group			266	0	12.3	4.3	43
170	124		11% Conv.		169nd	0	14.7	8.7	
154	129	Carto Pic C			145	9	6.2	4.2	12.6
113	100	Carto 7.59	Pref (SE)		109	0	10.3	9.4	
357	147	George Bia	F		357	+2	12.0	3.4	7.9
120	60	ists Group			119ml	-1			15.7
118	87	Jackson Gr	G2) quo	-	115	0	3.3	29	12.7
287	245	Matthouse	NV thanst5	Ð	285	0	-	-	-
119	40	Robert Jest	ــــــــــــــــــــــــــــــــــــــ		104	0	7.5	7.2	3.9
430	124	Scruttons _			405	0	8.0	2.0	36.8
280	194	Torday & C	erlitte		273	-2	7.7	2.8	13.3
280	100	Torday & C	urliste Cont	Pref	102	+3	10.7	10.5	
98	56	Trevian Hol	diag (USM	7	93	0	27	29	10.0
113	100	Unistrut En	rope Comy P	TE	104	0	6.0	7.5	
356	350	Veterinary !	Drug Co. Pk		356	0	22.0	6.2	9.4
357	203	W.S Yearles			357	+1	16.2	4.5	68.7
		lesignated C lange. Other							The

S Loves Lane, London SCIR SSP Telephone 91-621 1212

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For the six months 17th January, 1989 to 17th July, 1989 the Notes will carry an Interest Rate of 91/496 per annum and Coupon Amount of U.S. \$455.64 per U.S.\$10,000 Note, payable on 17th July, 1989.

Bankers Trust Company, London

Agent Bank

Nationwide Anglia

NEW HIGHER RATES ON SAVINGS AND INVESTMENTS

From 1st February 1989

SHARE ACCOUNT & CASH BOOSTER

SUME ACCOUNT & CASU DOOS IE	M 0.00/6
TOPSAVER	7.00%
(including 1% Birthday Bonu	9).
FLEXACCOUNT	
£1-£99	3.00%
£100-£499	4.50%
£500 and over	6.00%
BONUSBUILDER	
£1.£499	6.00%
£500-£1,999	8.00%
£2,000-£4,999	8.40%
£5,000-£9,999	8.75%
£10,000-£24,999	9.00%
£25,000 and over	9.25%
CAPITAL BONUS	
£500-£4,999	9.25%
£5,000-£9,999	9.50%
£10,000-£24,999	9.75%
£25,000 and over	10.25%
Half-yearly or monthly incom	ne rates
£500-£4,999	8,75%
£5,000-£9,999	9,00%
£10,000-£24,999	9.25%
£25,000 and over	9.65%
Monthly income rates available f	rom £2,000
CAPITAL BOND	
£1,000 and over	9.50%
INCOME BOND	
£2,000 and over	9.50%
INTERNATIONAL ACCOUNT	
£1-£9,999	Gross 11.00%

£10,000-£24,999 Gross 12.25% Gross 13.00% £25,000 and over Monthly income on £2,000 and over at the following rates £2,000-£9,999 Gross 10.50% £10,000-£24,999 Gross 11.75% £25,000 and over Gross 12.50% DEPOSIT ACCOUNT TREASURERS ACCOUNT

Details of prevailing rates at all branches. FOR INFORMATION Existing account holders only, or details of interest rate increases on all other account with the society, please enquire at your local branch.



Helping you make the most of your money

Nationwide Anglia Julia Society
Chesterfield House, blasmabury Way, Loudon WCIV or W. All rates quoted are not around interest rates, assuming basis rate incares but at 25%, except where indicated. All other torms and conditions relating to the above accounts remain unchanged.

INTERNATIONAL CAPITAL MARKETS

Treasuries subdued ahead of November trade data

By Janet Bush in New York and Katharine Campbell in London

US TREASURIES yesterday held up well considering a number of potentially negative factors including a more vul-nerable dollar, firmer oil prices and a relatively high Fed funds

In late trading, prices at the short end of the yield curve were quoted around & point lower while the Treasury's banchmark long bond was quoted ¼ point down for e yield of 8.88 per cent. Prices hardly moved throughout a

very quiet session.

The prime reason for the market's resilience yesterdayappeared to be caution prior to today's clutch of economic es, particularly the latest trade figures which were widely expected to show a widening from October's \$10.35bn deficit. Forecasts centered on a shortfall of around \$11bn.

Fed funds stuck for most of yesterday's session at 9% per cent, rather firmer than most analysts believe the US Federal Reserve would like. The Fed announced \$1.5bn in customer repurchase agreements, a somewhat less generous addi-tion of reserves than some bond analysts had expected.

After a robust performance in bonds last week, partly because of e strong dollar and

8.875 0.000

8.750

10.250

UK GILTS

GERMANY

CANADA .

NETHERLANDS

various auctions, it will be interesting to see whether bonds, which appear technically favoured, can advance further. Today should set the near-term tone of the market.

THE Spanish Government is plugging a hole in the domestic

GOVERNMENT BONDS

yield curve by issuing for the first time a 10-year bond which is to be auctioned today. The paper will bear a coupon of 10.75 per cent and the maximum amount on offer is Pta70bn. The minimum tender price is 98.90, which converts to e maximum yield of 11.502

But estimates of demand for the paper are as low Pta20bnto Pta30bn, leaving aside possible intervention by the central

This is partly because for-eigners would pay a 20 per cent withholding tax, and although compon washing schemes have made this tax something of a fiction in the past, there are

-1/32 10.47 10.74 +4/32 9.95 10.15 -3/32 9.19 9.26

FT INTERNATIONAL BOND SERVICE

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YES STRUGGETTS
Belgiam 5½ 92.....
Belgiam 4½ 94......
Belgiam 4½ 94.....
Belgiam 6½ 95....
Belgiam 6½ 95...
Workey 5½ 95...
Workey 5½ 95...
Sweden 4½ 93...
Sweden 4½ 93...
Sweden 4½ 93...

Sweden 4% 93...... World Bank 512 92...

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Average price change. On day 40.01 on week +0.05

CORVENTIBLE

BORDS

Alona 61s, 02 US. Service of 100% 1103, 404, 14.27

Abdiaga Bank 24s 02 US. 4867 62. 100% 1103, 404, 14.27

Abdiaga Bank 24s 02 US. 4867 7967, 129% 1103, 404, 14.27

Abdiaga Bank 24s 02 US. 4867 7967, 129% 1103, 404, 14.27

Abdiaga Bank 24s 02 US. 4867 7967, 129% 1103, 404, 14.27

Abdiaga Bank 24s 02 US. 4867 700, 94 95 404, 13.11

CBS. Inc. 502 US. 487 7200, 94 95 404, 5.31

CBS. Inc. 502 US. 487 7200, 94 95 404, 5.31

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Land Sees, 64, 02 E. 588 4.8 99%, 1002, 0 4.51

Land Sees, 64, 02 E. 587 6.72 92% 93%, 404, 11.35

Microlia Camera 24, 940M 286 1004, 105%, 107 414, 13.39

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Microlia Camera 24, 940M 286 1004, 105%, 107 414, 13.39

Microlia Camera 24, 940M 286 105%, 1008, 10

† Only one market maker supplied a price

Straight, Bonds: The yield is the yield to redemption of the mild-price; the amount issued is in millions of currency units except for Year work earlier. Floating State Notes: Demoninated in dollars unless otherwise indicated. Coupen shown is minimum. Cather Date next coupon becomes effective. Spread = Maryin above sia-month offered rate (three-month): Sabove mean rate) for US dollars. Cope. The current coupon. Convertible Bonds: Demoninated in dollars unless otherwise indicated. Cop. 43 — Change on day. On dollars unless otherwise indicated. Cop. 43 — Change on day. On dollars unless otherwise indicated. Cop. 43 — Change on day. On dollars unless otherwise indicated. Cop. 43 — Change on day. On dollars unless otherwise indicated stars. Crv. price = Nominal amount of bond per share expressed age grammen of the currenteffective price of acquiring shares via the load over the most recent price of the shares.

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Price Change Yield

96-24 - 9.07 9.21 101-03 -2/32 8.89 9.04

88.5382 -0.064 4.61 4.74 109.0545 +0.317 4.77 4.74

8/98 100.5700 -0.305 6.69 8.70 6.56

98.0307 -0.074 8.50 8.50 105.9900 -0.110 8.53 8.53

12/98 100.9000 -0.250 10.10 10.33 10.15

8,7500 10/98 100.5750 -0.200 8,74 8,78 6.58

12.500 1/98 96.7135 -0.331 13.12 12,84 12.80

BENCHMARK GOVERNMENT BONDS

Red

9/92 9/97 10/08

11/98

US BOLLAR

STRAGGHTS

Abbey National 7½ 92.

A/S Despectionars 7½ 72.

B/L Tel. Fin. 9½ 98.

Canada 9 96.

CALLAR

STRAGGHTS

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A/S Despectionars 7½ 72.

B/L Tel. Fin. 9½ 98.

CALLAR

STRAGGHTS

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also because of good demand at signs that the Government is preparing to clamp down heavily and enforce the tax. Thus Europeseta issues currently yielding between 11.3 and 11.5 per cent look rather more attractive, even if they tend to be illiquid.

The Government's move can be seen in the context of the gradual opening up of the Spanish capital market, and should theoretically add flexi-bility to its funding programme. Most government paper is currently of two or three year duration.

But the Treasury may well have to review the idea of reg-ular euctions — which had been mooted — if the first issue is less than a success.

THE Bundesbank announced a US-style flexible rate 28-dey repurchase agreement yester-day, which kept the market guessing whether this signifies preparation for a rise in the discount rate. A total of DM15.1bn matures from the market today, and traders dis-pute whether the upper end of the rates bid at the auction will exceed 5.5 per cent, the Lombard emergency funding

In quiet trading, bonds fell up to a quarter of a point, with the recent dollar strength the major factor. The new year 6% per cent Silvester bond due 1999 lost 25 basis points on the day, and now yields 6.62 per

UK GILTS saw some profit taking during the morning after the strong surge late yesterday, as e certain amount of due caution crept in as to the reliability of December retail sales data. Prices drifted lower late in the day. The benchmark Treasury 2003-2007 issue was trading at 115 & , about half a point below its high yesterday.

Closing prices on January 17
Chambe no
Chambe no
State Bid Offer day upon Yield
55 1017, 1027, -04, 0 4.80
45 981, 983, 0 0 5.00
80 983, 987, 0 0 4.77
20 1005, 1017, 0 -04, 4.93
30 1001, 1005, -07, -03, 5.02
50 1004, 1018, -07, -08, 5.02
50 1004, 1018, -07, -08, 5.02
50 1002, 1013, -07, 0 4.85
50 999, 0 0 4.85
50 1024, 1024, 0 +04, 4.66
... On day 0 on week 0

Italy plans novel forms of debt paper

THE ITALIAN Treasury is planning to issue new forms of Treasury debt paper and revive little-used ones in an attempt to improve its debt management, according to Mr Ginliano Ameto, the Tressury

Minister, Reuter reports. It plans to introduce Eco-de-nominated Treasury bonds (BTEs) with materities of less than 12 months, in addition to the existing BTEs with longer maturities, as part of prepara-tions for the liberalisation of

Italy's capital markets.
The Treasury will also reintroduce certificates with extendable maturities (CT0s) and paper with inflation-linked yields. CTOs have been

linked yields. CTOs have been issued once before, last November, when an offering of L1,500bn met low demand, attracting bids from the market of just L444bn.

Inflation-linked paper has also been tried once before, in 1983, with a similar lack of success. But Mr Amato said he was reintroducing the concept because "it will help to reconcile the interests of issuers and investors, the latter fearful of long-term investments at a long-term investments at a nominal fixed rate which do not . . guarantee the protec-tion of the real value of savings, and the former reluc-tant to accommodate these fears with high rates."

Mr Amato said he intended to reverse the recent trend towards shorter maturities on state debt, in order to avoid having to renew debt too frequently. The average maturity on state debt fell to barely three years in 1988 from four years in early 1983.

He said it was necessary to "resume the trend, interrupted for too long, towards a length-ening of debt maturity, to avoid the fragility which results from an excessiva quantity of gross debt issues."

The Treasury intends to continue to issue the existing forms of debt paper, comprising three, six- and 12-month bills (BOTs), fixed-rate bills of between two and five years' materity (BTPs), longer-term maturity (BTPs), longer-term floating rate certificates of five or 10 years' maturity (CCTs) and Ecu-denominated bills and certificates (BTEs and CTEs),

according to Mr Amatu.

"We intend to guarantee the
regularity of issues and unifermity of conditions."

Philadelphia SE to start 4.30am trading

By Deborah Hargreaves

Bank 5: 92 | 92 | 0 | 00 | 102 | 0 | 00 | 4 | 66 |

Average price change... On day 0 on week 0

Change on Change of Change THE PHILADELPHIA Stock Exchange will become the first US futures and options exchange to introduce an early morning trading session when it opens its trading floor at 4.30am on Friday. The extended trading ses-

sion will run from 4.30am to 2.30pm, replacing the regular 8.00am start for the exchange's currency options and futures contracts. The move follows the success of a special four-hour evening session — from 6pm to 10pm — introduced by the exchange in September 1987.

The Philadelphia exchange

says early morning trading is another step towards e 24-hour market. If it is successful, the exchange says it will consider opening even earlier to coincide with afternoon trading in the Fee Feet trading in the Far East.

The exchange's eight currency options contracts traded 1.2m lots in last year's evening seasion with the yen leading the way. But overall trading in the options slipped to 10m contracts from 10.4m in 1987.

Trading in conting or the property of the contracts from 10.4m in 1987.

Trading in equity options in Philadelphia dropped even fur-ther to 13.1m lots from 18.1m ther to 13.1m lots from 18.1m in 1967 – a decline of 27 percent. At the same time, Philadelphia's equity trading fell 20 percent to 637.5m shares from 1967's 800.4m.

Many US futures and options exchanges are looking at extending their trading hours in a bid to attract overseas business. The Chicago

seas business. The Chicago Board of Trade has been run-ning an evening session for 18 months and is also considering an earlier morning opening.

Amexco Japan in card deal By David Barchard

AMERICAN EXPRESS is to issue an American Express charge card in Japan in a joint charge card in Japan in a joint venture with Nonura Securities. Under the terms of the deal, cardholders will be able to transfer funds from melitum-term government bond (Chukoku) accounts held with Nonura into their bank accounts to pay their charge card accounts.

Some Japanese banks have criticised the arrangement as an infringement of their exclusive settlement rights, However, Nomura yesterday rejected the criticisms.

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INTERNATIONAL CAPITAL MARKETS

mortgage-related security, the second of its kind for Royal

manager the issue sold out.

The bonds are similar to an

issue last September which was launched at 68 basis points

over government securities and now trades at around 25 over. The principal is guaran-

teed by C\$150m of mortgages owned by the finance company

which is a special vehicle created for this purpose and carries a triple-A rating.

The proceeds of the issue are

rumoured to have been per-tially swapped, probably into floating-rate US dollars,

although this was not con-

firmed by the lead manager.
A C\$75m issue by Bacob
Finance NV gave the lead manager Merrill Lynch Capital
Markets few problems. The

2-year paper carries an attrac-

tive coupon of 11% per cent

and is guaranteed by Bacob Savings Bank.

Not surprisingly there was strong Benelux demand for the

Belgian company's paper and a launch spread of 38 basis

points over government securi-ties tightened to 28 basis

points. The bonds were quoted at less 1.03 per cent, within

In Switzerland, short-term interbank interest rates were

fees of 1% per cent.

up around 1/2 yesterday.

13/14 Goldman Sachs Int.

Canadian dollar issues dominate primary activity Paper

CANADIAN dollar issnes returned with a vengessice yes-terday, defying talk that the sector was over-supplied with paper. Four issues emerged,

ever, a costisom dean han a slow reception.

Benqua Parihas Capital Markets was the lead manager fir a C\$200m issue for Nippon.

Telegraph & Telephone Corp (NTF), going some way to satisfy demand for non-Canadian could no many the seven way. Control of the state of the sta quality names. The seven-year bonds carry a coupun of 10% per cent and mature in 1996. Priced at launch to yield 39 basis points over government securities, the bonds were well

sought after and were soon quoted at less 1% hid; well within fees of 1% per cent. According to the lead man-Service of the state of the sta ager, the issue was sold out by the end of the morning, meet-ing broad demand from a range of investors. Smaller Contine tal markets were well represented as were Germany, Switzerland and the Far East.

Control of the state of the sta The proceeds of the issue were swapped first into floating-rate US dollars and then into fixed rate yen, with the yen swap arranged by Toksi Bank, a co-lead manager. It is

believed the borrower achieved sub-Libor funding. A US\$150m issue for Norsk. Hydro was brought to the mar-ket by Goldman Sachs International. The six-year bonds carry a coupon of 9% per cent and were priced at launch to yield 53 basis points over US Treasuries.

Business was slow to begin.

with and the bonds were

CANADIAN DOLLARS . (

Nippon Telegraph & Tele Royal Trust Magage Fin(c)

moted at less 1% bid, just on full fees. However, a syndicate was formed with relative ease and by the end of trading the

issue was over half sold.

Several co-managers commented that the launch spread was on the tight side, with sugwith maturities ranging from two to seven years and all meeting good demand. However, a US\$150m deal had a gestions that it should have been nearer 55 or even 70 basis points. The lead manager con-ceded that the issue may have been slightly tight but

INTERNATIONAL BONDS

defended it, saying there was buying interest against a back-ground of a continuing short-

age of dollar paper.

Nevertheless, there was talk that sizeable amounts of paper had been returned to the lead manager via brokers.

The European Community launched its first Canadian dol-

lar issue, a C\$80m two-year deal carrying an 11% per cent coupon. The launch spread over government securities was a mere 10 basis points, but the lead manager, Chase Investment Bank, pointed out that the coupon was the pri-mary attraction of the deal. The bonds mature in 1991.

Retail interest predominated, with Switzerland and the Benehix countries to the fore. The issue, clearly designed to meet a specific financing need, quickly sold out and was quoted at less 0.96 bid, well maide fees of 1% per cent. The proceeds were swapped into Ecu by Chase. Shearson Lehman Hutton

NEW INTERNATIONAL BOND ISSUES

200 100

W German cabinet passes draft market law International introduced a

By Haig Simonian

Trust Company Mortgaga Finance Limited. The C\$100m. issue carries a 10% per cent coupon and matures in 1994. THE WEST German Cabinet yesterday passed draft legisla-tion revising the stock market law to open the way to estab-It was priced at 101% to yield basis points over comparalish a futures and options exchange as well as introduce hle government securities and was quoted in trading at less 1.85 bid, just inside fees of 1% per cent. According to the lead a wide range of further inno-

However, the draft still has to be passed by both chambers of parliament, and the precise timing for formal approval remains unclear, although supporters of the legislation hope it can come about before the summer political break.

Among the main features of the revision are:

• Amendment of the status of futures contracts to make agreements with private investors legally enforceable.

• The green light for new instruments like index contracts, previously forbidd ■ Permission to list securities denominated in foreign currencies on German stock exchagnes, as well as instru-ments denominated in synthetic currencies like the Ecu.

Greater supervision of stockbrokers, with a stronger role for state governments.

Altering the legal system regarding the legal system regarding futures contracts has been one of the key requirements behind the establishment of the Deutsche Texminhõerse, Germany's planned financial futures and options exchange, which is due to open early next year.

Under the previous legal framework, futures contracts were treated in the same way as gambling debts, which are not enforceable under the law. The new law makes a private client legally liable in the event of not honouring his obligations, provided he has been adequately informed of the risks involved. Meanwhile, the decision to

allow securities denominated in a basket of currencies, like the Ecu, to be listed on German bourses could further put the spotlight on the Bundes-bank, which has had strong reservations about encouraging private use of the Ecu. The new law will also reflect

new European Community guidelines on simplified pro-spectus and listing procedures.

hannel ports are used to disputes between the French and British But nntil yasterday an Angio-French contretemps over water was more likely to refer to the English Channel than what came out of British

The companies, a legacy of Victorian privata enterprise untouched by successive bonts of legislation in the industry.

The bid for Folkestone and District Water Company, which serves 142,000 people over 162 square miles, may be nall - worth only 27.65m but by mounting such a take-over Southern Water Authority and its private joint venture partner, Associated Insurance Pension Fund, have apparently walked through a minefield of political, legal and financial difficulties with ease.

Folkestona - likely to be one of the first ports-of-call for

French visitors to the UK once the Channel Tunnel is com-

pleted - has become the hat-tleground for the first openly contested takeover in the UK water industry, and probably

the first hid for a private sector company by a British public

So far, the obstacles sidestepped include: • Government limits on the central funding of public water

authorities;
• Legal restrictions on public bodies buying shares in private · New Government policy, announced last week, on merg-

ers in the industry. The battle-lines have been ranged for some time. The first agreed offer for one of 28 quoted UK water companies was mounted in March by Biwater, a private British contractor which has just launched its second agreed bid, for West Hampshire Water

Company. Until yesterday, the French suppliers, led at first by Lyon-naise des Eaux, which is not involved in the south east of England, had been the only other bidders, with recom-mended offers for 12 statutory

Compagnie Générale des Kaux, France's largest water supplier, and SAUR Water Services, a subsidiary of Bonygues, aronsed the ire of Southern Water Authority before Christmas with agreed bids for four companies in Southern's area of supply.

Those offers seemed to tram-ple on the announcement two days earlier that Southern and

the alusive, but important, water company investor, Mr Duncan Saville — a British citizen based in Australia who controls AIPF - had agreed to pool their substantial water company stakes in the area through a joint venture con-trolled by AIPF.

snpply water in areas also served by the water authori-ties, which deal with waste

in the area open, bot if institu-tions look unlikely to commit themselves to SAUR's offers for Mid-Sussex, West Kent and Eastbourne, Southern and AIPF may decide not to mount counter-offers. A decision on Mid-Sussex and West Kent will be made before Friday, when those offers close.
At the moment, an auction

UK COMPANY NEWS

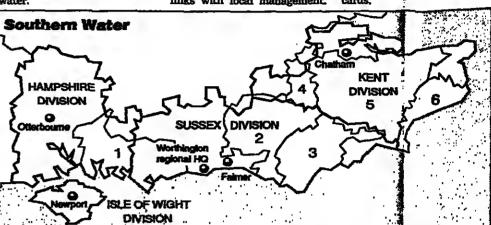
Water fight in a grand tradition

Andrew Hill on the battle-lines behind an Anglo-French skirmish

for Folkestone seems unlikely.
All previous water company bids have been recommended, an indication that the bidding groups favour harmonious links with local management.

full responsibility for water supply in the region", but it is an important plank of the Southern/APF offer.

Mr William Courtnay, Southern's chairman, said yesterday he could foresee few obstructions to the takeover, despite the possibility that the High Court ruling may be reversed and the wague spectre of opposition from European of opposition from European Community regulators. Mr Nicholas Rilley, the environ-ment secretary, appears to have played all his other cards.



1. PORTSMOUTH, controlled by pension fund 2. MID-SUSSEX, agreed bid from Saur 3. EASTBOURNE, agreed bid from Saur 4. WEST KENT, agreed bid from Satar

5. MID KENT, 15% owned by Compagile Generale des Eaux, 25% by Morgan Greniell 6. FOLKESTONE, agreed bid from Compagnie Generale des Esux, hostile bld from Southern/APF

But although amaigamation with the companies has always seemed to offer obvious economies of scale, the authorities have felt their hands tied by the law which, according to most advisers, ruled out the buying of shares with public

Only Southern and Northumbrian decided they could buy water company stock, to the irritation of the companies concerned. A High Court ruling before Christmas seemed to confirm this thinking, although Northumbrian had already sold its stakes in two north east England statutory groups, now controlled by

Since the court ruling, which may yet be overturned on appeal, Sonthern and AIPF have been looking at the possi-bility of bids for the four companies subject to French offers. Yesterday, they were keep-ing the option of further hids and its compatriots, have in the past changed their water company policy according to circumstance so the prospect of water groups bargaining for the tiny companies is not out of the question.

However, Générale des Eaux

The one thing that does not em to have affected Southern and AIPF's plans is the change in Government merger policy announced last week. All the companies under consideration have fixed assets valued at less than £30m, the

threshold above which bids

would be referred automati-

cally to the Monopolies and

Mergers Commission. Cannily, Southern is using a 1986 MMC report on water supply in the area as a weapon in

mies ought to be obtainable from giving Southern Water

LONDON TRADED OPTIONS

The companies dispute the basis for the MMC's conclusion that "some worthwhile econo-

But the apparent leakiness of Government policy is unlikely to forestall local opposition. According to Folkestone, most consumers favour a totally independent water supplier, and employees and unions, if forced to choose, would probably be behind the French offer, which explicitly guarantees jobs, rather than the Southers/AIPF bid, which

does not.
If nothing else, the extent of reaction to Southern's preliminary announcement yesterday guarantees a vociferous political and public debate of the issues involved. In a taste of things to come, Mr Jack Cunningham, Mr Rid-

ley's counterpart on the oppo-sition front bench, said yesterday: "I hesitate to describe the Government as boys putting their fingers in the dyke, because there are so many holes — they're more like old men going to sea in a sieve."

DECOCATIBILITY MAA.		-	101-2	1001	- 21-2	M-0111	il Flores		
AUSTRALIAN DOLLARS Issue hicromed; Syndish Expart Craditia) ◆			1011	1990	1/5	Nome	urm lest,		
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TRADITIONAL OPTIONS

First Dealings Jan 9
 Last Dealings Jan 20
 Last Declarations Apr 13
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London Share Service

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Battling to take telecommunications into the next century

Hugo Dixon assesses the global competition between AT&T of the US and Siemens of West Germany

T&T of the US and Siemens of West Germany are fighting a battle this week, which could determine which is the leader of the world telecommunications industry in the next century.

The battleground is Europe, which is deregulating its telecommunications equipment markets in the run-up to 1992.
By the end of the week, the future of the largest telecommunications manufacturers in the UK and Italy should be

The stakes of the battle are high, because GPT of the UK and Italtel of Italy are the only really attractive marriage pros-pects left in Europe's telecom-munications industry. If AT&T can clinch a deal with one or both of them, it will buy itself an entry-ticket to Europe, where it has yet to make an

On the other hand, if Sie-mens wins both battles it will build up an extremely powerful Europeau position, adding strong positions in the UK and Italy to its dominance in Germany. It will also effectively shut AT&T out of Europe.

In Italy, the government is expected to announce later this week a partner for Italtel. AT&T is believed to be the front runner, although the German government has been lob-bying on behalf of Siemens on the grounds that it is Euro-

In the UK, the bid by GEC and Siemens for Plessey has brought matters to a head. Between them, GEC and Plessey own GPT. If the bid for Plessey is successful, Siemens will take a 40 pencent stake in

This bid has provoked Lazard Brothers, Plessey's mer-chant bank, to the to mount a counter-bid for GEC. Under its plan, a controlling stake of admitted in a recent interview.

decide whether to take part.

At the centre of the battle over both GPT and Italtel is a widespread belief that the massive costs of developing new telecommunications products means that size will be vital to survival in the long run. This was the thinking behind the merger of ITT of the US' telemunications interests with the Alcatel in 1987.

It was also the rationale behind the creation of GPT itself last year. Until then, the UK's industry was fragmented, with GEC and Plessey collabo-rating to develop new products while at the same time compet-ing for business. This structure meant that new products were delayed and the industry became inward-looking, losing the role it had had in the 1960s as a major telecommunications

exporter. Two main questions therefore surround GPT. Was the formation of GPT enough to secure the survival of the UK telecommunications industry? If not, would AT&T or Siemens be the best partner?

The piggy in the middle of this battle is Richard Reynolds, GPT's chief executive. Because GPT's parents are fighting a bitter battle over its future, he is refusing to comment on the merits of either approach. Mr Reynolds is, however, willing to discuss what GPT has achieved in its nine

months of existence. He argues that progress has been made and the company has the ability to replace stagnation with aggressive growth and a reli-ance on the UK market with a

"There are not a lot of people who believe we've got the stomach for the long haul", he

GPT would be sold to AT&T.

The US company is holding a boardmeeting later today to Japanese office automation and camera group, he said: "Business is about success. Companies have grown. If you don't believe that, you are never going to run a successful

This is all fine rhetoric for the troops. But breaking into the world's highly protected telecommunications markets, which normally requires build-ing up intimate long-term relationships with governmentowned telephone monopolies. is quite different from selling

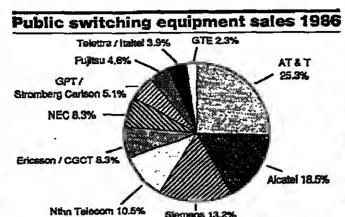
cameras to consumers.

Siemens has no doubt that GPT needs a partner to secure its future. "They cannot survive ou a long-term basis", says Hans Baur, head of the company's public telecommunications business.

The argument that GPT needs a partner rests on two pillars. The first is that the company does not have suffi-cient resources to develop the next generation of telecommu-nications products. Karlheinz Kaske, Siemens' chief execu-tive, has made this the central justification for the whole bid, arguing that it would cost \$250 to develop the next generation of switches. And, as Ted Richardson of Dataquest, the specialist market research company, points out: "You

can't imagine GPT coming up with \$2bn". The only problem is that nobody agrees what the next generation of switches will look like. The world's telecommunications operators have just committed tens of billions of dollars to the present generation of switches, eo why would they want to rip them out and install a whole new

generation? Baur's answer is that Sie-



about a completely new generation after all, but simply an evolution. Businesses have an appetite for sending growing amounts of data over long distances and this will require exchanges which are able to handle what is known as broadband traffic. Whether this will require completely new exchanges or just extra modules, boited on to the pres-ent exchanges, is immaterial, he says. The development costs

will be huge either way. Moreover, Baur argues that the need to share development costs applies not only to public exchanges, but to a whole range of new products. He highlights "intelligent net-works", which will allow operators to deliver a vast array of advanced communications services to their customers; and fibre-optic cables, threads of crystal clear glass as thin as a human hair, which can carry many times more information than ordinary copper cables.

Mr Reynolds points out that, since the formation of GPT, the company has streamlined its R&D programme. It is trying to ensure that research done in

one part of the organisation is disseminated to other divisions that could benefit from it. It is also co-ordinating its research into public exchanges on both sides of the Atlantic. By elimi-nating duplication, he plans to free resources to expand the research effort.

But, even if GPT is success ful in all these plans, it is unlikely that its annual spending of £120m a year ou R&D will be enough to maintain it in the world league. Mr Reynolds admits as much: "The size of the task requires more than £120m...In another sense, £120m is probably more than we can afford".

The second reason GPT is said to need a partner is that this is the only way it can break into international mar-kets. There is no point in hav-ing the best technology in the world if you don't have access to wider markets", says Dataquest's Mr Richardson. And Siemens' Baur argues that it will be difficult for GPT to build up an international presence, because the main markets have already been carved up. Most of the world's tele-



niddle of the battle.

communications operators have chosen their switch sup-pliars and are unlikely to

pliars and are unlikely to change in mid-stream.

Mr Reynolds valliantly argues that GPT has made immense strides in international markets over the past year. The company has formed a joint venture to manufacture private exchanges in China, sold payphones to Moscow and taken a stake in a leading Portuguese telecommunications tuguese telecommunications distributor.

All these are moves in the

right direction, but they are peripheral to the main ques-tion of how GPT increases its presence in the key European and North American markets. The company's main market in continental Europe, for example, is Italy, where it has annual sales of £20m - a 1 per

cent market share.

Mr Reynolds' response to all this is that telecommunications is a long-term game. For example, it took nearly 50 years before Ericsson, the large Swedish manufacturer, was able to break into the UK market in a significant way. Most people, however, think GPT

if it is accepted that GPT needs a father figure, the question then becomes whether AT&T, Siemens or some other company - Northern Telecom of Canada has been lurking in the wings - should fulfil that role.

mens' ace is undoubtedly its European credentials, which could be politically important. If the UK has to lose some degree of autonomy over its telecommunications industry, many would argue that it is better to form an alliance with a fellow European than with a US company. The fact that GEC plans to retain control of GPT, whereas the Plessey/Lazard plan would apparently involve the sole of apparently involve the sale of control to AT&T may also count in Siemens' favour. On the other hand, it seems

unlikely that the present UK government would block AT&T, simply on the grounds that it is American. British companies last year spent a record \$30bm on acquisitions in

the US.

AT&T's main card is its etrong technology. Many observers argue that the US company's switches are more advanced than the German's. Set against this is Siemens' undoubted determination to be a world leader in telecommuni-cations and the massive resources available to it. Moreover, AT&T's strength could

it would mean there was little GPT could teach it. Siemens' Baur on the other hand promises even-handed collaboration. "You cannot do a joint development if one is dominant. Neither the Germans nor the British should win, but the good ideas".

The main doubts about a link-up are the same for both

Siemens and AT&T. Would

also be a cause for concern, as

products?

In the short run, these doubts are fanciful, as GPTs existing range of products would have to be maintained and updated to satisfy-ET. The doubts relate to the lung term and really depend on what and really depend on what reciprocal access GPT would get for its products through Siemens and AT&T. In the US, GPT would appear

In the US, GPT woun appear to gain from an association with either company. Its US subsidiary, Stromberg Carls-son, makes small digital exchanges which do not com-pete with products made by either AT&T or Siemens.

AT&T's advantage is that it is aiready well established in North America. Siemens' advantage is that it is extremely hungry to build its telecommunications operations in the US, as witnessed by the purchase of Rolm from IBM late last year.

Outside the US, an associa-tion with Siemens would appear to be more advanta-geous to GPT. While the US giant has been unsuccessful in building up a wassace actific giant has been unsuccessed in building up a presence outside its home market, the German company is established in 30 or so markets around the globe. It would be naive to expect Siemens to help GPT into its home, territory, even if it owned a minority stake in it, except in those areas where except in those areas where their products did not compete. However, elsewhere the Ger-man company is promising to open up its distribution chan-nels. If this means that Sie-mens would seek to sell the cheapest product available— whether that is its own or CPT's—that will be send for GPT's - that will be good for the British company, as its costs of production are lower.

Courts ahead 16% despite higher interest charges

By Maggie Urry

COURTS (FURNISHERS), which last summer enfranchised its non-voting shares, increased pre-tax profits by 16 per cent to £4.3m in the half year to October 1.

Sales were 24 per cent ahead at £65.08m. The shares closed up 2p at 159p yesterday.
At the operating level, profits were virtually unchanged at

Pre-tax profits were struck after a much higher interest charge of £1.93m (£969,000) and a transfer from deferred profit reserve of £593,000 compared with a transfer to deferred

profit of £913,000. This swing added £1.5m to profits which would otherwise have been some 20 per cent lowar. Profits also included property disposal profits of

£320,000 (£534,000). Mr Bruce Cohen, managing director, said the switch in the deferred profit transfer reverted to the normal sea-sonal pattern. He said there

will almost certainly be a In the UK sales rose by 33 per transfer into the reserve in the second half larger than the transfer out in the first half. The transfers relate mainly to the overseas shops where more goods are sold on credit.

reflected a rise in gearing to around 65 per cent and higher interest rates in the UK, Mr Cohen said,

The higher interest charge

Profits were split equally between the UK and overseas.

cent, of which 11.5 per cent was volume growth in like-for-like stores. The rest of the increase reflected inflation of 4.5 per cent and new store openings. Five more Mammoth superstores were opened in the first half, taking the total to 18, and pre-opening costs and ini-

tial trading losses had also depressed profits, Mr Cohen Overseas sales were 9 per

cent ahead. Poor trading in Jamaica, Mauritius and St Lucia was more than offset by a substantial increase in Singapore, and gains in Antigna,

Pappa New Guinea and Fiji.
Mr Cohen said that trading
in the third quarter in the UK and in most overseas markets had remained good. However, the fourth quarter had started quietly in the UK reflecting pressure on consumer speed-ing from higher interest

Courts will now slow its rate of expansion in the UK to ensure that interest charges, which will be "much higher than previously" for the full year, do not rise further, and so that the group can concen-trate on areas of the business which need to be improved, Mr

Cohen said. Earnings per share rose 15 per cent to 10.5p. The interim dividend is lifted to 1.83p.

Postal strike fails to hold back Empire Stores

group in which two European groups together hold 50 per cent of the equity, managed a strong increase in interim prof-its despite tha three-week postal strike last September.

EMPIRE STORES, the Bradford-based mail order

Pre-tax profits rose by 54 per cent to £3.14m in the 41 weeks to November 12, against the same period to November 14 1387 – when profits were falling and new management was brought in. Empire is changing

its year end to end April.
Mr John Gratwick, chairman, said the postal strike had had "a serious impact on both sales and profits." Extra costs were involved in trying to rustie up sales. Mr Gratwick reck-oued the immediate effect was

to knock film off profits. The strike also came in the middle of Empire's recruitment season and the group lost 15 to 20 per cent of its expected new agents. This will have a lon-

ger-term effect as the "gap" in the recruitment cycle may never be filled in.

Sales rose 17 per cent to £162.23m and, because of the high operational gearing of the husiness, operating profits were up 65 per cent to £4.67m. Interest charges nearly dou-bled to £1.53m as the group financed credit sales, particu-larly of higher-priced bousehold goods. Mr Gratwick said he was

cautious about forecasting the future, given the Government's policy to bold back consumer spending growth. However, he believed that Empire's custom-ers were unlikely to have large mortgages and that the group could pick up business because of its "free" credit terms. He expected "a significant increase in profits for the cur-

rent financial period." He said that the relationship with its Continental sharehold ers was good, with both La Redoute, the French mail order group, which holds 25.8 per cent, and Gecos, with 24.2 per cent, represented on the board. Discussions are continuing with La Redoute about possible areas of co-operation.

Earnings per share rose 55 per cent to 5.15p. The interim dividend is 1.95p, against 1.65p in the 28 weeks to mid-Angust

BET £21m placing in Europe

By Norma Cohen

BET, the international support services company, has completed a £21.47m vendor placing of shares in Europe, the first such vendor placement to be made through a Euro-eq-

uity offering. BET placed 9.5m new shares at 226p each as part of its 233.2m acquisition of Savam, the French distribution com-

pany. BET also paid £11.73m in cash. Credit Suisse First Boston, lead manager for the offering, said it had conducted presentations to investors in five coun tries - Switzerland, France, the Netherlands, Belgium and

the Netherlands, Belgium and West Germany.

Vendor placings of shares used to finance acquisition do not violate pre-emptive share-bolder rights as long as the value of new shares is less than 10 per cent of a compa-ny's existing share capital.

Morgan Grenfell

Morgan Grenfell has agreed to sell Morgan Grenfell Securities SA, a small Geneva-based securities trading and sales business, to Compagnie de Banque et d'Investissements

bid for Folkestone Water By Andrew Hill

Southern makes counter-

has mounted a counter-bid for Folkestone and District Water Company through AIPE Water

Fund, its joint venture with Associated Insurance Pension Fund, which belongs to Mr.

ues each class of Folkestone's voting stock at £350 for each £1 nominal, compared with £250 offered by General Utilities, the UK subsidiary of Générale des Eaux, France's largest water supplier. The French group is also offering to buy Folkestone's non-voting stock, valuing the whole company at ing the whole company at

including AIPF, which holds a 10.4 per cent stake in the company, about 39.4 per cent of Folkestone's shares have been committed irrevocably to the new offer, compared with 20.9 per cent, including directors, per cent, including directors, committed to the French bid. In a less controversial development, Biwater, a private UK water contracter, launched an agreed bid for West Hampshire Water Company, valuing the whole company at about 53.4m. Biwater, which already owns

THE WATER industry was again thrown into turnoll yesterday when British groups launched two takeover bids for statutory water companies.

Southern Water Authority shares, 56.75 for each £16,315 per cent preference share, £25 for each £10 3.85 per cent pref-erence share and £9 for each £10 14.2 per cent preference

one West Hampshire direc-Duncan Saville, a private tor, Mr Stanley Hill, has investor.

The Southern/AIPF offer valfor the preference shares should be the same as for the

ordinary shares.
In March, Biwater launched
an agreed bid for East Worcestershire Waterworks — the first offer in the sector – through Biwater Supply, a joint venture with the water company's management.

PML broker move

PML Gronp, formerly Paul Michael Leisprewear, has appointed Robert Fleming as Its stockbroker, replacing Jacobson Townsley. Mr Monty White, chief executive, said Robert Fleming had Far Eastern experience, appropriate because of PML'e Hong Kong interests. PML is involved in knitwear and footwear manufacture and retailing.



PRE-TAX PROFIT UP BY 37% **TOTAL DIVIDEND UP BY 47%**

FINAL DIVIDEND INCREASED TO 6.75p PER SHARE

The Sturge Group comprises the largest group of underwriting agencies at Lloyd's, acting as members' agent for 2,633 Names and managing twenty-eight syndicates in the marine, nonmarine, aviation, motor and life markets, as well as Wise Speke Limited, one of the largest regional firms of stockbrokers in the United Kingdom.

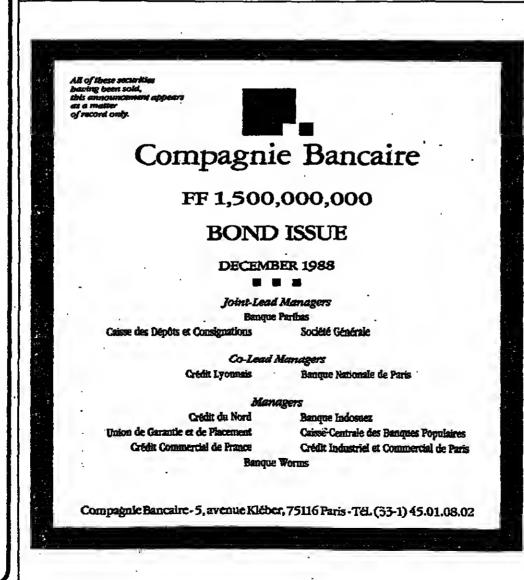
SUMMARY OF RESULTS for the year ended 30th September, 1988

	1988	1987
	£'000	£'000
FEE AND COMMISSION INCOME	25,713	16,239
PROFIT BEFORE TAXATION	17,211	12,600
EARNINGS PERSHARE	19.58p	16.10p
NET DIVIDENDS PER ORDINARY SHARE	10.00p	6.80p

In June, 1988 when they announced the Group's interim results, the directors forecast pretax profits of £16.0 million, earnings per share of 18.38p and a dividend of not less than 9.00p.

Copies of the Report and Accounts will be available from the Secretary

STURGE HOLDINGS PLC
9 Devonshire Square, London EC2M 4YL





Quilter Goodison Company Ashton Tod McLaren.

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NFC drives to market with 42% rise to £67m By Kevin Brown, Transport Correspondent.

NFC, the employee-owned NFC, the employee-owned transport, distribution and property group which plans a stock market flotation next month, increased pre-tax profits by 42 per cent to 567.1m in the year to October 31.

The advance from -247.4m came after profit sharing up from £3.2m to £11.8m. Turnover at the former National Present Consortium was up by

Freight Consortium was up by 38 per cent, from £911m to £1.26bn.

£1.26bn.
Earnings per share increased by 29 per cent to 15.1p (11.7p), but the dividend was increased by 71 per cent to 6p (3.5p), to encourage employee sharehold-ers to retain their shares. Mr James Watson, deputy chairman, said the dividend would be at least 7p this year. We have been a bit mean up to now, so we have pushed the

dividend shead to reflect the kind of policy which our com-petitors would follow," he said. On-halance sheet gearing had fallen from 74 per cent to A Marie Mills 31 per cent, despite the acquisi-tion for \$56m cash of Allied Van Lines in the US, Mr Wat-son said. Overall gearing,

including off-balance sheet fin-ancing, fell from 134 per cent to 73 per cent. Mr Jack Mather, chief execu-

Mr Jack Mather, chief executive, said the reduction in gearing, together with the proceeds of a rights issue to raise \$51.8m, would enable the group to make a number of acquisitions in the coming year.

These are expected to be in the growing European and US distribution markets, in which NFC seeks a major share, and in the removals and travel sectors in the US and Canada.

At the operating level, the transport division — which includes vehicle hire, waste management and parcels subsidiaries — increased turnover by 11 per cent to \$449m and operating profits by 56 per cent to \$22m. The parcels service, recently relaunched as Lynx recently relaunched as Lynx Express, made an operating profit for the first time in 12

years.
The home services division. which groups removals and delivery services, increased turnover by 180 per cent to 2383m and operating profits by 97 per cent to £24m. The

group's loss-making freight for-warding activities were sold to their managements during the year. Allied Van Lines was said to have performed better

said to have performed better than expected.

The travel and property division increased turnover by 23 per cent to £57m and operating profit by 500 per cent to £3.6m. The division is a partner, with Rosehaugh and Stanhope, in London Regeneration Consortium, which recently won a competition to develop a 125 acre site at King's Cross.

The distribution division increased turnover by 15 per cent to £278m, but operating profit increased by only 24 per cent to £26m. This reflected continued losses in the SPD/ GDL contract distribution sub-sidiaries, which are being rationalised.

There was also a decline in profits at Tempco Union, in which NFC has a 60 per cent stake. The company was hit by a severe decline in demand for storage space for agricultural intervention stocks.

See Lex

By Paul Cheeseright, Property Correspondent

RANDSWORTH TRUST, the property investment and development group, yesterday Mortgage Debenture Stock property investment and devel-opment group, yesterday moved to thift a higher propor-tion of its debt on to a long term basis by announcing plans to issue its fourth tranche of debenture stock

2026. Lazards and Phillips and Drew have agreed to find sub-scribers for the stock.

Randsworth's three previous tranches of this debenture have raised 2100m. Its variable rate debt after the fourth tranche and the completion over the next few weeks, of a City of London development will be about £20m and its gearing around 70 per cent.

Triplex Lloyd in £1.8m buy By Vancusa Houlder

Triplex Lloyd, a foundries and engineering group, yesterday amounced the expension of its specialist engineering product business with the acquisition 人 澳大利亚 经基础 of Francis Willmott, a car components manufacturer, for

The company was purchased from Carclo, a diversified engineering group, which acquired Francis Willmott when it bought Jonas Woodhead for Sielm in October 1986. Francis Willmott made operating profit of £306,000 on turn-overtof £3.300 list year,

ASD is investing £3m in a

greenfield strip mill products decoiling operation at Tipton, West Midlands. A new com-

pany, called ASD Coil Processing, will offer a range of decoiled products.

ASDA PROPERTY has paid 52.38m to Chartwell Land (for-merly Woolworth Properties)

£7.8m for Investors Life

By Nick Bunker

larly keen to buy investors Life, known locally as inLife, because it owns Financial Wis-

PRUDENTIAL CORPORATION hensive financial planning pro-yesterday unveiled an agree-ment to pay A\$16m (£7,8m) for InLife has funds under management of about A\$100m. a record of rapid growth and a

> Along with the Aetna deal, the move reflects Prudential's efforts to secure its position in Australasia by achieving econ-omies of scale and strengthen-ing itself to compete with the local giants, National Mutual and Australian Mutual Provi-dent.

COMPANY NEWS IN BRIEF

vice for aerospace, military and computer industries. Pre-tax profit in year ended March

31 1968 was £51,000. HANSON INDUSTRIES has

completed the sale of the Kidde

Credit Corporation operations in the US and Canada for

about \$70.3m (£39.7m). The bulk of Kidde Credit's US

Taking steps to reorganise for the future Nick Bunker on the approach adopted by Sturge in response to market difficulties

HEN THE chairman of their company is a descendant of a descendant of a Romantic poet, sharebolders R W Sturge, its main operating subsidiary. Though he intends to leave Sturge later this year, in five years there be has Romantic poet, sharebolders can expect a flamboyant performance. In the case of Sturge formance. In the case of Sturge Holdings, chaired by Mr David Coleridge, a large, dignified but privately acerbic Lloyd's underwriter, the record has cartainly been colourful.

The largest underwriting agency in the Lloyd's of London insurance market, running 25 empirestes and holding effort.

don maturance marker, running 28 syndicates and looking after the affairs of more than 2,600 underwriting members of Lloyd's (or "Names") Sturge was the stock market's favourite insurance share 18 months

On the back of pre-tax profits which jumped from £7.36m in 1985 to £12.6m in 1987. Sturge's shares reached an enormous price/earnings multiple of 24 times in January 1987, when they were trading at 474p, before falling from grace with a bump in 1988. Yesterday's annual figures,

showing pre-tax profits up 37 per cent at £17.2m produced only a 1p rise in the share only a 1p rise in the state price to 239p. The background flies in the widely-publicised difficulties the Lloyd's market began to encounter in 1988. But the really intriguing thing about Sturge may lie in the way it is responding to what is way it is responding to what is turning out to be a painful period of retrenchment and reorientation for Lloyd's.

It is easy to see why Sturge was such a darling of the stock market in 1988-7. One factor

was respect for its management, particularly Mr Peter Rawlins, managing director of

in five years there be has gained a reputation as a leader of a younger generation of managers who have advocated the creation of a new streamlined Lloyd's.

Sturge's big attraction though, probably lay in the very nature of Lloyd's agencies. Partially cushloned from underwriting risk themselves, they gather their income from the fees charged as a percentage of the Lloyd's underwriting capacity of the Names whose affairs they manage, plus a commission earned from their trading profits. For Sturge, the trading profits. For Sturge, the fee element made up 47 per cent of its 1988 turnover of £25.7m, while profit commis-sions accounted for 38.5 per cent. At Sturge, the number of Names looked after by its members agency rose from 1,790 in 1986 to 1,928 at the end of 1987, before soaring to 2,678 after its takeover last year of the Bellew, Parry & Raven

underwriting agencies.
Four things happened in 1988

PRE-TAX profits at Sturge Holdings, the Lloyd's under-

writing agency group, jumped 37 per cent to £17.2m in the 12 months to September 30 1988, £1.2m ahead of a forecast it made last June.

The figures included the first all many of possible for

first full year of results for

two businesses, Wise Speke,

Sturge Holdings Share price (pence)

to cloud the City's view of Sturge. One was the surge in Sturge. One was the surge in resignations of members of Lloyd's, worried by erosion of the market's former tax advantages, and by liability insurance claims from the US. The number of members of Lloyd'e looked after by Sturge dropped from 2,765 to 2,633 over the course of 1888.

The second was a deep recession in the marine and aviation

Profits of £17.2m beat forecast by £1.2m

the stockbroker, and the Bel-lew, Parry and Raven Lloyd's agencies, which Sturge bought in 1987.

Wise Speke made a £700,000 pre-tax loss, owing to depressed volumes in the pri-vate client stockbroking, but

Sturge said was looking for-ward to strong profits from

this is a third factor — the Piper Alpha explosion — which has reduced expectations of the Lloyd's market's profits.

The fourth factor was the The fourth factor was the expected £700,000 pre-tax loss in 1988 by Wise Speke, the private client stockbroker which Sturge bought in January 1987, thanks to stagnant stock market volumes. Mr Rawlins says that "if there is just a little bit of an upturn in volume, Wise Speke will make a very decent return." But Sturge is admitting that it will not form a significant part of group profits nificant part of group profits over the next few years.

But Sturge shows signs of being able to weather the Lloyd's market's problems better than most of its rivals. Sturge's syndicates have escaped relatively lightly from North American asbestos and toxic waste claims. None of the 28 suffers from the Lloyd's problem of "open years", which occur when the under-writer is unable to close his accounts because of uncertain-ties about his liabilities.

Sturge has also been taking

the "exceptional" 1986 Lloyd's insurance underwriting year, due to feed through to Sturge's

earnings in 1989. Profits after tax and minori-

ties were £10.1m (1987:£7.4m), with earnings per share of 19.58p (16.1p). Sturge plans to

raise its total 1988 dividend 47

salutary steps to reorganise for the future. One reason why it lost a net 130 Names in 1988, for instance, was that it delibfor instance, was that it deliberately did not recruit actively, because it believes Lloyd's is already overloaded with underwriting capacity. The capacity of its own marine syndicates fell £85m, because, says Mr Rawlins: "We considerably, and deliberately, slimmed it down!"

Behind the scenes, also, Sturge has been a leader in improving technical underwrit-ing standards at Lloyd's. It is building towards a goal of a six-strong in-house actuarial department.

The most significant developments under way at Lloyd's however lie in trying to harness information technology to speed up the flow of informa-tion and dispense with its archaic, paper-shuffling busi-ness practices. Sturge, which is already spending £10m-£11m annually on computerised data processing, expects to spend about £5m over the next four years on developing customised software for its underwrit-

Asked whether the Lloyd's market generally is moving fast enough to implement technology, Mr Rawlins said yesterday that Sturge is still disappointed with the pace of change, but feels it is partially inevitable. "Lloyd's is by its very nature a committeedriven animal, a consensual operation, though there are operation, though there are signs that that log-jam is being broken," he said. "The one thing we can't afford is to just sit on our haunches."

Randsworth debenture issue

The state of the s

since April 1966.

Through its London & Provincial Shop Centres subsid-

scribers for the stock.

The issue yield of the new stock will be based on the gross redemption yield yesterday of 9 per cent Treasury stock 2008 plus a margin of 1.55 Prudential Corp to pay

yesterday unveiled an agree-ment to pay A\$16m (£7.6m) for Investors Life. The move follows the Prudential's recent £47m deal to buy the Austral-asian life assurance units of

alty.

The Prudential is particu-

US-based Aetna Life & Casu-

dom, a computer software com-pany which supplies insurance intermediaries with compre-

for six properties in the north east, leased back to Wool-

worths. Acquisition gives an

initial yield of 9 per cent. BEACON GROUP has bought Shandoc Electronic Services

for an initial £445,000 cash, with possible further profit-re-lated payments. Beacon pro-

vides electronic assembly ser-

competitive product range, Prudential said.

Strauss Turnbull chosen as broker to Memcom.

By Philip Coggan

STRAUSS TURNBULL has loss in the previous year, been appointed as broker to Memcom International, the struggling USM-quoted elec-tronic filing systems manufac-

News of the appointment will give hope to shareholders who are still awaiting the group's results for the year to April 30 1988, after a £1.67m walning the group at £1.6m.

hoping for news of a refinanc-ing plan. A rights issue, pro-posed in May 1988, was delayed when it was alleged that a director had defaulted on his obligations to underwrite the

Memcom shares stand at 120.

London & Clydeside up at £1.05m

London & Clydeside Holdings, up from £17.73m to £19.51m.

USM-quoted Scottish house-builder, reported pre-tax profits of £1.49m for the year ending September 30 1968, against £1.05m last time. Turnover was 5.7p.

assets, and certain liabilities, were sold to a subsidiary of Marine Midland Bank – itself part of Hongkong and Shang-bai Banking Corporation – for

a total consideration of around \$80.6m. Its Cenedien operations were sold to Brun-

cor Leasing, a Canadian com-pany, for about \$9.7m.

MAI has purchased Christo-pher James Holdings for £11m comprising £6.8m cash and £4.2m of 10 per cent unsecured loan notes 1990-89. James is a motor insurance broker with

motor insurance broker with

chasers and developers are Grazeley Properties and Arlington Retail Develop-

the board of MCC.

Reorganisation for Sharpe & Fisher

Sharpe & Fisher has received approval in the High Court allowing it to proceed with its reorganisation following the sale of its Sandfords DIY subsidiary. The building mer-chants' shares have been suspended at its own request.

proposals is expected to be des-patched on January 31 when Sharpe & Fisher (1988) will change its name to Sharpe &

Control Techniques

Control Techniques has agreed to buy Renold Electronics, a manufacturer, of electronic variable speed drives, in a cash deal worth about 2800,000.

Yearlings

MAXWELL COMMUNICA-TIONS Corporation has completed the £265m sale of BPCC. Mr John Holloran, BPCC chief executive, has resigned from The interest rate for this week's issue of local authority bonds is 121 per cent, up 14 from last week, compares with 9% per cent a year ago. The bonds are issued at par and are redeemable on January 24th 1990. A full list of issues will be MEYER INTERNATIONAL is selling about eight acres of land at Farnborough, Hamppublished in tomorrows edishire for £13.5m net. Joint pur-

AJ Worthington slips

AJ Worthington (Holdings) said a "temporary difficulty" with the importing business resulted in a reduced overall profit and turnover in the first half to September 30.

£119,000 and turnover slipped for the first time since 1982.

by £123,000 to £2.02m. The tax charge was reduced to £3,000 (£19,000) and earnings per 10p share remained at 2.3p. There is no interim dividend, but the directors will consider recommending a final dividend at Pre-tax profits at this manu-facturer and importer of textile last year, when the company products fell from £142,000 to returned to the dividend list

SHARE STAKES

The following changes in share stakes were announced recently:

Control Techniques: Mr Trevor Wheatley, chairman, has sold 150,000 ordinary at 178p and now owns 1.79m (12.05 per DDT Group: following

chase made on behalf of discretionary clients of PK English Trust Company these clients are now interested in 339,000 ordinary (5.24 per cent).

Edmond Holdings: Mr A W Naish, chairman, has purchased 125,000 ordinary at 34%p each and Mr R L Chalcraft, a director, purchased 50,000 shares at 34p. Mr Naish now holds 3.09m shares (6.13 per cent) and Mr Chalcraft holds 8.16m (16.5 per cent). Expamet International: Mr Malcolm White has acquired 171,428 ordinary and now holds 2.73m (7.47 per cent).

J H Fenner Holdings: following a placing by Barclays de Zoete Wedd with institutional and other investors, Emerson Elec-

Peel rights result

notifiable interest.

Peel Holdings' rights issue of new ordinaries was taken up as to 19.85m shares (49.1 per cent). Largs has 45 per cent of the enlarged capital, British Steel Pension Fund 13.41 per cent and Olayen 17.08 per cent.

Record profits for the Leeds

Record pre-tax profits of £122.6m for the year ended 30 September 1988 are announced by Leeds Permanent Building Society, with assets breaching the £10bn barrier for the first time.

Highlights of the year:

- Record pre-tax profits £122.6m
- (1987: £93.5m) an increase of 31.1%
- Record post-tax profits £78.9m (1987: £60.9m) an increase of 29.6%
- General reserve increased to £413.1m (1987: £344.9m) an increase of 19.8%
- Assets total £10,219.4m (1987: £8,831.0m) an increase of 15.7%
- Liquid assets amount to \$1.689.0m (1987: £1,437.5m) being 16.5%
- Record amount advanced £2,559.4m (1987: £1,995.4m)

(1987: 16.3%) of total assets.

- New mortgages completed 80,667
- ·· (1987: 72,319) ■ Increase in retail funds £1,138.6m (1987: £745.4m)

The Leeds has now established a clear strategic direction as we move towards the 1990's.' J M BLACKBURN, Director and

Leeds Permanent Building Society The Headrow Leeds LS1 1NS



ments; a shopping complex of some 240,000 sq ft gross retail spece, including an Asda superstore, will be built. PICCADILLY RADIO: terms 66 branches; in 1988 gross pre-mium income was £21m and pre-tax profit £900,000. This year it is expected to produce 125m and £1.4m respectively. for the merger with Midlands Radio approved by the IBA.

Total last year Corres -pending dividend Total for year Date of payment 4.3 Adecese Aukell Associ Brooks Tool 1.675 5.5 3.875* 5.23 6 2.875 1.65 6.85 5.7 2.5* 3 Courts (Furnish Empire Stores . Eurotherm inti . 1.95‡ 5.8† 1.013 8 3.02 French (Thomas Hampson Inda Harrison Inda 0.55t 2.1t 4 3 London & Clyde 5. Osprey Comm 10

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. TOn capital increased by rights and/or acquisition issues. SUSM stock. SSUnquoted stock. 4Third market. IFor 41 weeks. If For 28 weeks.

BOARD MEETINGS Jen. 23 Jen. 25 Feb. 6 Jen. 25 Jen. 25 Jen. 25 Jen. 25 Jen. 24 Jen. 24 Jen. 24

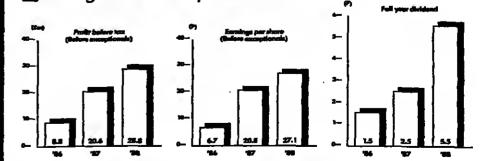
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INFOTECH SERVICES LIMITED 35 EBURY ROAD, NOTTINGHAM NG5 1BE PHONE 0602 504819/609610 FAX 0602 624234 YOU RUN YOUR BUSINESS - WE WATCH THE COMPETITION

Preliminary Results for the 1987/88 Financial Year.

- Pre-tax profit up 40% to £28.8m and fully diluted earnings per share up 30% to 27.1p - continuing the trend established
- Full year dividend more than doubled to 5.5p the highest dividend payout in the company's history. Strong balance sheet with a positive net cash position –
- supporting future growth plans. Profit growth trend expected to continue.



OUTLOOK

Our budget for the 1989 financial year and our three year strategic plan indicates a continuation in the profit growth trend of the last two years. This growth will come from both bringing the performance of under-performing countries up to acceptable levels, and more importantly through organic growth particularly from the rapidly growing products of fax and laser printers.

In addition, further significant growth will be achieved through acquisitions using Gestetner's substantial financial resources. We are well positioned in Europe to capitalise on the opportunities created in the years to 1992 and thereo

B. A. Sellers

For information contact: Company Secretary, Gesterner Holdings PLC, 32, Stephenson Way, NWI 2JW.





par buic

Eurotherm up 23% to £15.8m

EUROTHERM International. the industrial process control manufacturer, yesterday announced a 23 per cent rise in pre-tax profits from £12.85m to £15.77m for the year to October 31. Turnover increased by 15 per cent to £128.88m (£111.64m). **Eurotherm** also announced the sale of its Infocare subsid-

iary to Riva Group, a USM-quoted manufacturer of Epos (Electronic Point of Sale) equipment, for about £550,000. Infocare, which makes drinks dispensing control systems, incurred pre-tax losses of about £300,000 on sales of £1.37m in

the year under review. The sale follows Eurotherm's decision to concentrate on core products and withdraw from the loss-making ventures that it embarked upon to diversify its product base. As part of this policy, Hero and Robocom were sold to their managements in the past year.

Dr Jack Leonard, chairman, said the year had been one of solid progress. Sales in Conti-

HARRISON INDUSTRIES.

Stockport-based manufacturer of industrial and domestic

of industrial and domestic doors, castings and power transmissions, yesterday reported a sharp fall in interim profits from £1.72m to £423,000 following problems in its industrial doors division.

Earnings per share dropped from 9.3p to 2.3p in the six months to September 30 1988.

The commany last November

The company last November

warned that profits would be substantially down at the half

way stage. Mr Ken Wade, chief

executive, yesterday said the problem had been one of weak

division were 30 per cent ahead of the previous year's and, at

the same time, a number of

new products were introduced which generated fresh orders. The company could not cope with the volume, orders were taking twice as long to com-

HAMPSON INDS

58% to

£2.35m

£18.67m_

Advance of

pre-tax profits for the six months to September 30 ahead

by 58 per cent from £1.49m to

higher at £27.76m, against

Earnings per 5p share for this West-Midlands-based

holding company with

interests in precision engineering, industrial

£2.35m on turnover 49 per cent

"The orders in our doors

By Flona Thompson

Harrison falls to £0.4m

as industrial doors stick

nental European overtook those in the UK for the first time, with 34 per cent of sales on the Continent versus 32 per cent in the UK.

The Eurotherm and Chessell product groups have been reorganised to concentrate on broader sectors of themarket for temperature control systems and chart recording Adverse currency effects

decreased sales by £5.4m. At

constant exchange rates, the improvement would be 21.4 per cent. The order intake was 18 per cent ahead of last year. Net borrowings were reduced by £6.2m to £5.3m due to strong cash generation, giv-ing gearing of 11.1 per cent. Earnings per share increased by 24 per cent from 28.4p to 35.2p. A final dividend of 5.8p (4.25p) was proposed, making a total of 8p (5p) for the year. A

one-for-two scrip issue was

declared to improve the mar-ketability of the shares and to

plete as expected and deliveries were erratic," he said.

The problem started to come to light last August. A stock-taking in the autumn con-

firmed that while orders were high, there was a lack of com-

The doors division made a £500,000 loss in the first half. Mr Wade said he expected it to

make a small profit in the sec-ond half. A new divisional director has been appointed and two senior people have

The company has made a

provision against contracts brought forward from last year, which appears as an exceptional debit of \$651,000.

Turnover rose from £15.08m

to £18.65m. The industrial door

problems overshadowed the

excellent performances achieved in the power trans-

mission, castings and domestic door divisions, he said.



Jack Leonard: announced sale of Infocare for £550.000

ital structure between nominal capital and reserves.

To gripe at the performance of a company that has grown at 20 per cent per year for the past decade, might seem a touch churlish. Even so, Eurotherm's followers believe that, were it not for its patchy

record on expanding its prod-uct base, it could have grown even quicker. That said, yester day's results, although not sparkling, were well up to expectations. And by forecast-ing continued growth of 20 per cent a year, the management is setting itself a demanding target. Its achievement will depend on wresting market share overseas - made possi-ble, claims Eurotherm, by the "flabbiness" of its major rivals. In addition, it will need to succeed in breaking new ground in the UK, where it has a 55 per cent share of its mature, traditional, markets of chart recording equipment and temperature control systems. Analysis feel moderately confident about Eurotherm's goals and expect it to make profits of £18.5m this year. That puts the shares, up 3p to 381p, on a rating of 9. Now it has cleared its decks of trouble makers, its City image - and its rating - seems likely to move into the

Cambrian holds stance over revised Leucadia bid

By Nikki Tait

CAMBRIAN & GENERAL ordinary share and 182.24p per Securities, the UK investment capital share — discounts of trust which is fighting a 17.1 per cent and 28.7 per cent £71.4m bid from US-based Leu-cadia National Corporation, yesterday maintained that the bidder's revised offer repre-sented "very deep discounts" to estimated net asset values at January 13, and urged share-holders not to sell.

It said that the net asset cadia claimed 37.4 per cent of Cambrian's voting rights. value figure was 135.06p per

ON HIS last day as chairman of Borthwicks, the food and drinks products group, Mr Lewis Robertson warned that results for the first six months of the current year would be unsatisfactory but would show signs of sustainable improve-

News Digest

to £19.46m, with export sales 23 per cent ahead.

is proposed for a 1.8p (1.675p) total. Earnings per 5p share

were 3.7p (3.6p).

A final dividend of 1.1p (1p)

ment in the second half.
Borthwicks shares closed 1p

respectively. However, Leucadia claimed that - as a result of share purchases made on Monday after its offer was raised — it now controlled 40.2 per cent of its target. At the last closing date for its previous offer, Leu-

Borthwicks warning

By John Thornhill

higher at 52p.
Mr John Thomson, chairman of London and Manchester Group who joined Borthwicks' board in 1986, takes over as

> adjusted). Earnings per 10p share rose to 6.83p (5.52p). A one for 10 scrip issue is

FAI raises

holding

in Pearl

to 13%

By Ray Bashford

FAI INSURANCE, the

Australian insurance and

investment group, has contin-

med building a strategic stake in Pearl Group and lifted its holding to 13 per cent of the capital.

The stake has increased

from 12 per cent to 13 per cent during the past six weeks, reinforcing FAPs position as the largest single shareholder.

The stake building, which

has been in progress for over a year, has continued since the

death last month of Mr Larry Adler, FAI's founder and his

replacement as chief executive

by his 28-year old son,

todney. The recent buying pushes

the company closer to the 15 per cent level at which the

Insurance Companies Act.
Mr Nigel Proddow, Pearl's

chief general manager, said he

higher price", he said.

Last results show 35% rise

per cent to £2.44m, against £1.81m. Turnover was up from £16.02m to £19.36m. Earnings per share for the Manchester-based decorative paints maker rose to 14.94p (11.32p).

Mr James Johnstone, chair-man, said he looked forward with confidence to becoming part of a larger group.

ROSS CONSUMER Increase at interim stage

USM-quoted audio equipment and radio distributor, increased interim pre-tax profits to £201,000 in the six months to September 30 compared with £176,000 last

to 22.22m. Earnings per 10p share were 2.4p (3.1p). The interim dividend was unchanged at 1.2p. Ross said it expected the final dividend at least to match the 2.3p paid last year.

THOMAS FRENCH Ruffle-free performance

Thomas French. Manchester-based curtain styling company, reported taxable profits % per cent higher at £1.49m in the year

Turnover amounted to £23.92m (£27.25m), including a contribution of £4.08m (\$8.28m) from Tekdata.
Earnings per 10p share were
6.42p (3.51p) and the proposed
final dividend is lifted to 1.8125p making 3.02p (2.875p) for the year.

RENTAMINSTER Good progress in first half

supplies labourers for the construction industry, lifted its profits from £139,000 to £222,000 pre-tax for the six months ended November 30 1988. A maiden interim dividend of 1p is being paid.

■ Mr Gordon Owen, deputy chief executive of Cable and Wireless, has joined the board of TELEPHONE RENTALS, and been appointed chairman. Mr F.L. Walker, formerly Cable and Wireless director Far East, has been appointed deputy chairman and Mr C.J. Everest also joins the board from Cable and Wireless. The appointments follow the resignation of Sir Charles Ball. who was chairman, and non-executive directors Mr D.H. Goodchild, Mr N.N. Graham Maw, Mr G.A. Neale, Mr J. Rowe and Dr B.F.

■ Mr Charles D.G. Goddard has been appointed an associate director of BRADSTOCK BLUNT (NORTHERN), a Bradstock Group subsidiary.

Mr Michael Graham-Cloete has been appointed managing director of HIGHLAND m Mr Peter de Savary's Highland Participants. Mr Graham-Cloete will run Southampton (Eastleigh)



Mr John Fairs (above) has been appointed managing director of COMPAIE HOL-MAN. He was managing direc-tor of Yale Locks in the UK. nad no contact with Mr Rob-ney Adler since he took over the day-to-day running offAL. Mr Larry Adler paid a "cour-tesy visit" to Pearl late last year. Mr Proddow said those discussions did not include disclosure of FAI's strategy behind the stake building. Mr Fairs replaces Mr John Dawson who has been pro-moted to divisional chief executive of the Siebe Holman divi-

■ Mr K.V. Dunton and Mr P.J. Tomlinson have joined the board of JULIANA'S **HOLDINGS.** They remain joint managing directors of

Mr Henry Casley, deputy chairman of SOUTHERN ELECTRICITY, has been appointed managing director designate of the company which will succeed Southern Electricity when it is

Juliana's Jongor.

privatised. Mr R.J. Boot, group managing director of HENRY BOOT & SONS, has been appointed chairman of the group's four UK construction subsidiaries.

■ CHLORIDE GROUP has appointed Mr Peter Reguler as chairman of the electronics sector, covering power supplies, power electronics and emergency lighting. He was finance director.

■ INCOM TELECOMMUNICATIONS has appointed Mr Steve Norman as managing director of UK Trade Sales. He was sales manager for British Telecom

Uk trade sales. ■ Mr John Grossart has joined LYNTON, a BAA company. Previously with The Hammerson Group he will principally be involved in the acquisition of new

development projects. ■ MEDICAL INVESTMENTS has elected Mr Anthony
Milford a director and
investment manager of the
health fund. Mr Milford is investment director of the Framlington Group.

Mr Richard Hugh Hunting (above) has been elected chairman of HUNTING ASSOCI-ATED. He succeeds Mr L.C.

■ Mr Stephen J. Hirst has been appointed chairman of SEDGWICK MARINE &

■ Mr Len Harvey, chairman of Capital Market & Treasury Services (Asia), has joined the board of MAYFLOWER GROUP, the parent company.

a director of the Scottish

MAt GEEST Mr A. Habgood and Mr A.J. Norman have joined the board as non-executive directors. Mr Habgood is a director at Tootal and Mr Norman is finance director of Woolworth Holdings. Mr J.W.Spirling, who has been group personnel director since 1986, has been appointed a main board director of Geest.

■ CAPITAL AND REGIONAL PROPERTIES has appointed Mr Martin Gruselle, a recently retired director of Baring Brothers & Co, to the main board as a non-executive

■ BALFOUR BEATTY has appointed the following to the main board: Mr John Aiton, director of Balfour Beatty Construction, Mr Brian J. Corfe, managing director of Balfour Beatty Building and Mr John Dean, managing director of Balfour Beatty

director of personnel.

years by American Appraisa Associates Inc., to the London office of AMERICAN APPRAISAL (UK). The company provides business valuations, including intangible assets such as brand names, to assist with mergers, acquisitions and tax problems.

■ Mr Jonathan Bevan has been appointed a director of CL-ALEXANDERS LAING & CRUICKSHANK from February 1. He was a partner of Grieveson Grant and a director of Kleinwort

EXETER FUND MANAGERS has promoted Mr David Rouse from . marketing manager to sales

= SNAMPROGETTI, Basingstoke, has appointed Mr William F. Fortiscue as director of sales. He was sales director of Davy McKee.

■ LONDON & SCOTTISH MARINE OIL has appointed Mr James G. George as group treasurer from February 1. He is deputy treasurer of Beecham

managing director of FERRYMASTERS. He will based at Rozenburg in the Netherlands and will continue as European services director. The company is part of P&O.

■ RELATIONAL ment system, bas appointed Mr Hugh McCartney as UK managing director He was UK managing director of MSA.

Brown also joins the main board as group finance director. He was financial controller with ADT.

ALEXANDER STENHOUSE UK has appointed Mr Peter Mills as divisional director City and international, Mr Geoff Cex becomes trade and insurance division director.

HOLDINGS has appointed Mr A.K. McL. Young as joint managing director with Mr R.H. Griffin. Mr Young was an assistant director, corporate finance, with Morgan Grenfell & Co. Mr A.J. Owen has been appointed finance director and continues as company secretary.

relations director. He was industrial relations director

Mr Tony Marshall has been appointed managing director of MECCA LEISURE entertainments division.

Mr Tim Kimber joins the board of Adam & Co Investment Management. He was an

Telephone Rentals chairman executive director of Lazard Brothers & Co.

> ROYAL TRUST ASSET MANAGEMENT has appointed Mr Rupert Tret as UK sales manager and a director of Royal Trust Fund Management. Mr Jonathan Overland has been appointed marketing manager.

CHURCHILL CHINA GROUP has promoted Mr David Fisher to group financial director, and Mr Bernard Burns to managing director of Churchill Housewares. Mr Dennis Heywood has been suppointed chief executive of Churchill Hotelware.

Mr Norman Dayenport has been appointed managing director of KYMMENE UK from July 1 in succession to Mr Brik Olander who retires them. Mr Davenport will continue as marketing director of Caledonian Paper. Mr Olander will succeed Mr Kurt Swanliung as chairman when he setting at the annual he retires at the annual meeting in May. Mr David Smethurst has been appointed managing director of subsidiary Star Paper from July 1, succeeding Mr Olander who will remain chairman

Mr Gareth Jones has joined ABBEY NATIONAL as treasurer.

■ Mr Richard Gales, deputy chairman of MERSEYSIDE AND NORTH WALES ELECTRICITY has been appointed managing director designate of the proposed privatised MANWER.

Mr R.A. Williamson has been appointed regional director in Edinburgh for GRIMSTON SCOTT. He was scottish regional organiser for the Association of Lloyd's Members, and is chairman of A:B. Chaimers (inverness):

Mr Jim Virdee has been appointed finance director of GROSVENOR ESTATE ROLDINGS, a new post. He was director in the corporate finance division of Kleinwort Benzon.



Mr David Gamble has been appointed deputy chief executive of COUNTY NATWEST INVESTMENT MANAGE-MENT, the investment management subsidiary of the National Westminster Bank. He returns to CNIM from New Fork where he was head of Natwest's investment banking activities in the US for over three years. He will be responsible for developing CNIM's marketing and client relationships

MORTGAGE SYSTEMS has appointed Mr Barry Smith as senior divisional manager responsible for the first mortgage securities division. He was regional operations manager for Greater London at the Halifax Building Society. Mr David Oxnam has been appointed senior manager for new mortgage schemes. He was with BZW.

THIRD DIMENSION, manufacturing holographers, has appointed Ms Ruth Balas as deputy chairman, Mr Christopher Eyles as commercial director and company secretary, and Dr Martin J. Richardson as Creative development manag Mr Russell Field vacates his posts as finance director and company secretary. Mr Solomon Balas, chairman and chief executive, assumes the financial function pending completion of management restructuring.

■ Mr Nigel Constantine has property investment division,

Mr Nadrew R. Thirkfil. managing director of ATP Advertising and Marketing, has been appointed deputy chief executive, and Mr Anthony Broadhead has been

LEIGH INTERESTS, a waste treatment group, has appointed Mr John Levington as director for the southern region. He joins from Cleanaway.

executive of Sears.

Brooke Tool Engineering, the Birmingham-based maker of cleaning, bulk handling machinery and printing

HAMPSON INDUSTRIES PLC

INTERIM STATEMENT (Unaudited)

Engineering and Manufacturing: Industrial Cleaning Maintenance and Allied Services

Half Year Ended 30/9/88 £0003× £00003 43,052 Group Turnover 27,756 18,668 2,354 (851) 1,486 (565) 4,278 (1,524) Group profit before taxation 2,754 Group profit after taxation Minority Interests 1,503 921 (3) (3) (5) Profit attributable to 1,500 (37) 910 2,749 erence Dividende Profic attributable to ordinary shareholders 1,463 918 2,749 Ordinary Dividends proposed/paid – pence per share Amount absorbed by above dividend after waivers 0.550p 10.400p 1.65p

3.45p 3.53p 2.40p 2.40p The half year's results are unsudited. The results for the year 1988 are an abridged version of the full accounts which received an unqualified report by the auditors and have been filed with the Registrar of Companies.

Extracts from the Chairman's

Earnings per share - unditu

interim Statement The profit before taxation for the six months to 30th September 1988 amounted to \$2,354 million — an increase of 58% over the equivalent figure

for last year. As I have said before, any attempt to extrapolate from these figures results for the year as a whole would lead Members into error this year, for two reasons. Firstly, unlike last year, the period included a full six months contribution from the Kenmart Group and from Swiftshield. Secondly, the rether curious trend of a year or two ago for the second half to be better than the first is becoming

In accordance with our declared progressive dividend policy, your Directors have today declared a dividend which represents an increase of 371/1% over that paid fast year. As always, Members can be confident that at least a similar increase in the final dividend will be recommended in due course. Despite the cautionary remarks in my second paragraph, the Group currently remains very budyant and the second half of the year will be significantly better then the first half. I therefore believe that profits for the year as a whole will be very satisfactory to Members.

The full Interim Statement is being despatched to shareholders and is generally available from

JOHN WARDLE 17th January, 1989

Hampson Court, 77 Birmingham Road, West Bromwich, West Midlands B70 6PY

industrial cutting tools, mining equipment came out at 3.65p (2.4p) basic or 3.53p (2.4p) fully diluted. The interim dividend tools and equipment, announced lower pre-tax profits of £1.66m for the year has been increased to 0.55p (0.4p). The figures included full to September 30 1988 compared with £1.69m previously. Turnover rose from £17.7m

contributions for the first time from Kenmart Group and The tax charge was £851,000 (£565,000) and minorities took an unchanged £3,000 to leave attributable profit at £1.5m

BROOKE TOOL

(£918,000). **Profits reduced**

£155,758

to £1.66m

AUKETT ASSOCIATES Expansion

to £1.73m Aukett Associates, the integrated design and building management company, returned profits of £1.32m pre-tax for the period February 25 to September 30 1988. Turnover totalled £6.44m and earnings emerged at 6.61p per

On a pro forma basis, which incorporates results of the Aukett Associates partnership from October 1 1987 to February 24 1988, pre-tax profits for the period were £1.78m (£1.25m). Turnover rose to £9.12m (£6.75m). Earnings amounted to 9.15p (7.14p).

Dividend is 3p. **OSPREY**

Profits advance 46% to £0.3m

Osprey Communications, the advertising and marketing services group, achieved a 46 per cent improvement in pre-tax profits from £207,115 to £302,442 for the six months emded November 30. Turnover rose 22 per cent to 27.98m against 26.52m.

The interim dividend is lifted to 1.2p (1p) and earnings per share were 3.07p (2.11p) after tax of £111,904 (£82,390). **ADSCENE GROUP** 44% advance

at six months

Notice to Noteholders Prospect International High Income Portfolio N.V. Up to U.S. \$82,500,000 Senior Floring P.

Adscene Group, the Kent-based

Senior Floating Rate Notes due 1998 (of which U.S. \$41,250,000 has been insued) Notice is hereby given that the Interest Rage for the period from 14th January, 1989 to 14th February, 1989 is 9.6125%. The Floating Rate Note Interest Amount payable on 14th February, 1989 is U.S. \$8.28 per U.S. \$1,000.

Benkers Trust Company, London As 18th January, 1989

publisher and printer which came to market in 1987, raised its pre-tax profits by 44 per cent to £1.25m for the six months ended November 26

Turnover improved to 19.45m (£6.54m) and earnings worked through at 5.4p (4.2p) per 5p share. The interim dividend is



NORFOLK HOUSE **Profits more**

than doubled Shares in Norfolk House Group last night jumped 23p to 176p after the developer and operator of roadside petrol stations and service areas reported pre-tax profits more-than-doubled for the year

to September 30 1988. The advance from £2.91m to £6.11m was achieved on threefold at £50.51m (£18,39m). Sarnings per share rose from 9.5p to 17.5p and a final dividend of 2.625p is recommended, making a total

of 3.375p for the year. BURNDENE Profits up 19% to £3.57m

An increase of 19 per cent in pre-tax profits was announced yesterday by Burndene investments. The result for the year to October 1 advanced from £3.01m to £3.57m on sales up 28 per cent from £23.37m to £29.34m. The company makes caravans, mobile homes and clothing and is also involved in property development and hosiery. The final dividend of 5p makes 7p (5.5p) for the year, on earnings per 5p share of 25.21p (20.37p).

LPA INDUSTRIES Advances 14% to £811,000

LPA Industries yesterday reported a 14 per cent rise in results for the year to September 30 1988. Pre-tax profits of the USM-quoted manufacturer of industrial electrical accessories rose from £713,000 to £811,000 on turnover up to 26.64m (25.9m), The final dividend of 1.6p makes a total of 3p (2.5p

proposed. **JOHNSTONE'S**

Johnstone's Paints, which has been bought by Elf Aquitaine, saw pre-tax profits for the 53 weeks to December 3 rise by 35

Ross Consumer Electronics.

Turnover rose from £1.92m

to October 1.

Rentaminster, which is traded on the Third Market and Turnover for the period rose to £2.19m (£1.41m).

Hunting who has retired as chairman, but remains a direc-

CARGO following the retirement of Mr P.A. Berridge.

Mr Edward Cumingham,

Development Agency, has become a non-executive director of WATSON & PHILIP.

APPOINTMENTS

BLUE CHIP PROPERTY SYSTEMS has appointed Mr Adrian Willoughby as marketing director and Mr Anthony King sales director. Mr Stan Reay has become managing director of Blue Chip Maintenance.

managing director of Balfour Beatty Developments, Mr Haro M. Bedelian, managing Engineering and Services.

■ Mr Ken Mather, personnel manager at B&Q, has joined THE GARDENSTORE &B

Mr William J. Kornitzer
III has been seconded for two

INSTITUTIONAL EQUITIES. Benson Securities,

director.

Mr Joep van den Bos has been appointed joint deputy

TECHNOLOGY, which makes the Ingres database

 VIKING INTERNATIONAL has appointed Mr John Jones, managing director of subsidiary Viking International Air Chartering, to the main board. Mr Peter

Mr Peter Nightingale has been promoted to UK
marketing director of PHILIPS
AND WHIRLPOOL MAJOR
APPLIANCES. He was marketing manager of the built-in division.

C.I. de ROUGEMONT

JOHN LAING has appointed Mr. Gordon Hill as industrial for John Laing Construction.

If r Sandy Dudgeon, manager of the Glasgow branch, has been appointed to the board of ADAM & CO.

been appointed managing director of LONDON & CLEVELAND ESTATES, commercial development division of Constantine Holdings. Mr Peter Cope, managing director of the remains on the main board.

appointed group finance director at MOSS TRUST.

ELECTRA INVESTMENT TRUST has appointed as a non-executive director Mr Michael Pickard, chief

" FINANCIAL TIMES WEDNESDAY JANUARY 18 1989

WELLING THAT TANGEN

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As a major building society, The Leeds has moved swiftly to reinforce our reputation for . To enhance our management team we now wish to appoint a high profile Corporate

implification was marked principal, imperioding responsibilities. These are, with the assistance of signal Corporate Planning teem to:
Manage The Leeds' Strategic and Operating planning process;
Work closely in this process with operating management to translate the Society's corporate objectives into long-term business strategies and short-term plans which are owned by operating

Undertake particular projects to research strategic and tactical opportunities available to Tha Leeds, and present reports recommending appropriate courses of action.

The position reports to a Main Board member, reflecting its importance in the present rapid

Candidates, probably with an MBA, should have a proven track-record of effective contribution to corporate planning and, more importantly, of effective implementation of corporate strategies.

You will have experience of strategic planning in a market-oriented service environment, and you will be looking for a challenging opportunity, which might lead to medium-term career development in one of the commercial areas of the business.

ants should apply in writing enclosing full CV, including details of current salary package, to: Mr. A. Drysdale, Personnel Services Manage. Leeds Permanent Building Society Permanent House, The Headrow LEEDS LS1 1NS

Tel: (0532) 438181 Ext 2373

BANKING OPPORTUNITIES

City

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Major international commercial bank wishes to appoint an officer who will further develop its global relationships. The role will involve marketing debt products in N. Africa, Europe, the Middle East and COMECON. An excellent springboard from which to develop your career with one of the fastest growing banks in London. Ref: ST116702 **Marketing Support**

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£23,000 + benefits City European merchant bank offers a challenging opportunity to a credit analyst to take that first step towards marketing. Working within a close knit team you will be able to use your knowledge of mainstream commercial banking facilities and learn about more sophisticated products. Ref. ST115302

In pursue these and other opportunities please contact one of our specialist consultants. We currently have a broad range of roles available for those credit analysts who have US bank training.

MANAGEMENT PERSONNEL 24 City Road, London EC1Y 1AA 201 256 5041 (24 hrs)



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Cripps,Sears

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Young Professional

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AGF Asset Maragement is currently seeking to strengthen its small but highly effective investment Management Team. Candidaes should have a minimum of 2 years experience in he investment world and must be able to demonstrate in a maraness and understanding of this demonstrate in awareness and understanding of this environment

As a member of a high performance team the person appointed will be expected to make a contribution

Investment Management. An ability to analyse Unit Trust Performance and Unit Linked Funds would be a distinct

The Investment Department manages a range of funds-Equities, Fixed Interest, Money Market and Overseas Investments. It is desirable that applicants have a sound knowledge in at least one of these areas and can display both self motivation and commitment.

An attractive range of benefits is available. To apply please write to me with your C.V. — Robin Fletcher. Head of Personnel, AGF Holdings U.K. Limited. 41 Botolph Lane. London EC3R 8DL



ASSURANCES GENERALES DE FRANCE-

UK Corporate Finance Director for international investment bank to solicit and execute business and direct research effort.

Please wite in utmost confidence with resume aid salary requirements to:

Box A11/5, Financial Times, 10 Cannon Street. London EC4P 4BY

APPOINTMENTS WANTED

New Opportunity

Male mid 20's well educated, energetic smart appearance seeks challenging new opportunity, to build upon his current career end background. Experience in dealing in options, financial futures, and commodities. Is also open to consider new ereas of employment.

> Write Box A1106, Financial Times, 10 Cannon Street, London EC4P 4BY

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seek private client es with own client list to operate from our new Watford office mins Euston). Reputable office and

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EXECUTIVE

225,000 (seg.) + generous beas.

A successful city based stockbroker requires an experienced Private Cheers broker to advise corporates on Mariest movements - whilst working as part of a goal and exclusive team.

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STOCKBROKING CO. 25 Stockbrokers wanted for

ew company in London. Partnerships will be available for individuals with good experience and contacts in the Stocks and Shares market. Write Box A1108, Financial Times, 10 Cannon Street Lendon EC4P 4BY

> SMALL SHIPPING CO

Requires Financial Comptroller salary depending on experience. Tel 01 831 1383 No Agencies

Bankers Trust is a highly successful international bank with an excellent reputation built upon an innovative approach and high calibre people. We have substantial Global Custody business and the added value services of our subsidiary, the WM Company, have enabled us to develop e unique Master Custody Service. Rapid business growth has resulted

Global Custody Relationship Manager

Totally committed to service excellence.

to join our global securities team. Reporting to the Vice President in charge of Sales and Relationship Management, you will be responsible for servicing existing clients and developing new relationships. You will be the contact between Bankers Trust and some of Europe's major pension funds and financial institutions.

You should have an in-depth knowledge of Global Custody, and e minimum of two years' experience in a similar relationship management role.

This will be a key career move offering both challenge and opportunity. A highly competitive salary and benefits package is offered commensurate with experience and qualifications. In the first instance please contact Jaime Warner, Vice President, Sales & Relationship Management, Bankers Trust Company, 69 Old Broad St., London EC2P 2EE or call her on 01-726 4141.



Corporate Credit Analyst

Financial Markets

Highly competitive remuneration package

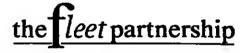
As a major international banking group, our client has established an enviable reputation for innovative product development linked to an equally envied record of success in the worldwide capital markets.

As a result of increased trading activities and the integration of the credit function within the various product groups, an opportunity has arisen to recruit a further suitably qualified and experienced corporate credit analyst.

The department's responsibilities cover the identification and analysis of risk relating to the bank's various financial markets activities including foreign exchange, money markets, swaps, bonds etc.

Ideally aged in your mid 20's, you will have gained an Honours degree and a minimum of 2 years credit experience within a major bank. A knowledge of French and an understanding of capital markets products would be useful, but not essential.

For full details including an initial meeting to discuss this opportunity please contact Roger Tipple. Absolute confidentiality is guaranteed.



Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours). Fax: 01-831 4204

International Economist

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For an exciting new venture, publishing economic data and interpretation for subscribing practitioners in finance, academia and industry

Reporting directly to the Chief Executive, in this newly created position, you will share with him full responsibility for the content of the publication and play a major part in ensuring the successful growth of the enterprise. Your role will involve the collection and analysis of G-10 country data from n variety of sources, including some which you will develop, and interpreting the significance of this data to informed readers.

A qualified economist, you will have o sound base of experience which may include some exposure to the capital markets. You will be self-molivated and able to write knowledgeably and luckly.

Compensation - which includes the opportunity for an equity stake - will be based on experience and is unlikely to be an obstacle for the right candidate. Please write enclosing your cv, which will be acknowledged and forwarded

to our offent, unless n covering letter specifies ofherwise to Robin K Alcock, quoting ref RA996. Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London

Executive

Resourcing & Lybrand



CJRA

FRANKFURT

RECRUITMENT CONSULTANTS GROUP 3 London Wall Buildings, London Wall, London EC2M 5PJ

Tel: 01-588 3588 or 01-588 3576 Telex No. 887374 Fax No. 01-256 8501

Excellent International career opportunity within the Operations area **OPERATIONAL ANALYST**



MAJOR INTERNATIONAL BANK

EXCELLENT BANKING PACKAGE

For this new appointment we invite applications from graduates, aged 21–30, who must have had at least one year's experience on the operations side ideally in an investment banking environment. German language skills are desirable. After 3–6 months familiarisation training in London the selected candidate will be permanently relocated to Frankfurt. As part of a small team within the Central Organisation department, you will be responsible for e wide range of operations analysis work. Specifically this will include the analysis of current and future operational activities world-wide. Essential qualities are e keen analytical approach and a commercial attitude. Salary is negotiable and there are excellent banking benefits. Applications in strict confidence, quoting reference OAB21910/FT will be sent, unopened, to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPSELL-JOSHISTON RECRUITMENT ADVERTISING LIMITED, 2 LONDON WALL BUILDINGS, LONDON WALL, LONDON ECZM SP.L.

Bullion Dealer

The well established Precious Metals team of Samuel Montagu is strengthening its trading capabilities in the Bullion Market. As part of this planned process we wish to recruit an additional top calibre dealer to join our trading team.

Candidates should have at least three years' experience in trading across the whole range of precious metals and will be able to display both a deep understanding of the underlying markets and be pro-active in their approach.

The successful candidate will be results driven and highly motivated.

Remuneration, which is negotiable and includes the full range of investment banking benefits, will not be an obstacle to the right candidate.

Please write with full details, which will be treated in the strictest confidence, to Richard W. J. Crampton, Personnel Manager, Midland Montagu, 10 Lower Thames Street, London EC3R 6AE.

Appointments

Advertising

Appears on

Wednesday

Thursday

£47 s.c.c

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£57 s.c.c



Samuel Montagu & Co. Limited

(a member of The Securities Association) Part of Midland Montagu, the international and investment bunking arm of Midland Group

GREYHOUND BANK LOANS MARKETING

Salary neg. to £30,000 plus car, bonus scheme and other benefits

Greyhound Bank Limited is the London based banking subsidiary of The Greyhound Corporation Inc, undertaking consumer finance and private and commercial banking. The bank wishes to appoint a marketing executive to further develop new commercial lending business. Candidates should be experienced in asset backed lending and with dealing with potential borrowers and financial intermediaries. The position requires excellent negotiating skills as well as a good general banking background; credit assessment experience would be an advantage.

Applicants should send details of their qualifications and experience indicating current salary to: P. Taylor, Greyhound Bank Limited,





BUSINESS MANAGER INTERNATIONAL INVESTMENT **SERVICES**

The WM Company is the world's leading provider of performance measurement and decision support services for globally invested portfolios. As an autonomous subsidiary of Bankers Trust Company, we have over 400 clients worldwide with assets in excess of \$450 billion. Planned growth and internal promotion require the

Planned growth and internal promotion require the appointment of a Business Manager for International Performance Measurement Services.

Reporting to the Managing Director, Global Performance, key responsibilities entail the profitable delivery of performance services to international and global clients.

This includes working closely with Marketing and Technology teams to drive the development of new and abspaced services.

enhanced services, along with the management and motivation of the Product Delivery group. Considerable overseas travel would be involved, operating from a base at Head Office in Edinburgh. Candidates should have broad based management experience, preferably gained in a fast moving financial or investment environment. Numeracy and excellent all-round communication skills

are prerequisite. The remuneration package fully reflects the seniority THE WMCOMPANY of this post, and includes profit related bonus and a quality company car.
Please write with full career and personal details to OWEN SCOTT,



World Markets House, Crews Told

MIKE POPE & DAVID PATTEN PARTNERSHIP

CORPORATE BANKING

MAJOR INTERNATIONAL BANK

PERSONNEL DIRECTOR.

C \$19,000 + Package + Car

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Candidates, already holding e position of responsibility either In a clearing bank or other financial institution, will have e background in anelysing and assessing risk for corporate customers, combined with experience of marketing banking products to U.K. corporates with an emphasis on new client

Please reply in confidence, giving concise personal, career

Mike Pope - Managing Director Mike Pope Limited

Banking recruitment Consultants,2nd Floor Bank Chambers,214 Bishopsgate

Michael Page City

would like to make clear that the advertisement that appeared in the Financial Times on Wednesday, 11 January, 1989, under heading *Corporate Finance -European Investment Bank" was in no way associated with the European Investment Bank, Luxembourg and we would like to apologise for any embarrassment caused by this error.

Off Balance-Sheet Trader

N M Rothschild & Sons Limited, one of the City's foremost merchant banks, wishes to strengthen its off balance-sheet trading activities through the appointment of a highcalibre banking professional with a proven performance record in the field.

For the right candidate, the role offers considerable scope to develop this key area of the Bank's business — and to make substantial career progress within the organisation.

Expertise in off balance-sheet trading and knowledge of cash markets must therefore be backed by demonstrable potential for further advancement.

Initial remuneration, designed to attract high-calibre candidates, will not prove a limiting factor: benefits, in line with best finance-sector practice, will include profit-share and, if appropriate, a car.

Please apply in full confidence, enclosing your detailed cv, to: . . . The Personnel Director, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M Rothschild & Sons Limited



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The client is a broadly based asset management group which has extended its services over recent years to include corporate pension funds, charitable organisations and investment trusts. Total assets under management exceed £2 Billion invested in international markets by a team of highly experienced investment staff based in the UK, USA and Australia.

The group wishes to appoint a Marketing Manager responsible for generating demand for its considerable and proven investment expertise, initially among UK pension funds. This challenging opportunity will Consultants, International Buildings, 71 Kingsweg, require experience of pension fund management and London WC2B 6ST. Telephone: 04-404 6701.

of delivering effective presentations to trustees of pension funds and their appointed advisers. It is expected that you will be at least 30 years old. educated to degree level and/or possess a professional qualification. Remuneration will be negotiable and competitive, while the prospects for promotion and career development are excellent. Please apply in strict confidence enclosing a detailed CV in the first instance to Peter Smolka of Cripps, Sears & Partners Ltd., Personnel Minagement

Cripps, Sears

MMS

INTERNATIONAL

MANAGING DIRECTOR

MMS international is the primary analytical source of economic and financial real-time Information for money managers worldwide. Over 50 economists and market analysts in 12 international centres form a network that covers the financial markets 24 hours a day. The company serves over 15,000 clients worldwide at banks, brokerage firms, Government agencies, corporations and other types of companies with positions in the financial markets.

The Managing Director for the Europe/Middle Eastern division will report to the Chief Executive Officer headquartered in California. Based in London, the successful candidate will be responsible for managing divisional operations with offices in London, Paris, Frankfurt, and Zurich. This individual will have ultimate responsibility for sales and profitability, product development and product quality, divisional strategy and personnel, and all the other aspects of the successful running and growth of this business within the geographic region.

The successful candidate is likely to have a minimum of ten years experience with a background in the foreign exchange and money markets, or in economic or technical analysis at major broking house or bank. Financial markets expertise should be combined with management ability, a sound understanding of marketing/sales, and strong inter-personal skills. A successful track record in business management is strongly desirable, preferably gained through leading a profit centre team.

The remuneration package includes a competitive salary, executive car and other benefits associated with a senior appointment in an international financial concern.

Please send full curriculum vitae, in strict confidence, to:

R A Nicho MMS international 134 Piccadilly London W1V 9FJ

SAN FRANCISCO . NEW YORK . LONDON . HONG KONG . TOKYO

German Market **Analyst**

We are a leading international Securities House with a well-established presence in the London market. As part of our expansion of European Research coverage, we intend to appoint an analyst specialising in the German equity market.

in this London-besed position, the analyst will work closely with both our international strategy team and our industry analysts. The analyst's responsibilities will include market input and company coverage.

The successful candidate for this position will possess the following characteristics:-

- Fluent German: indeed he/she may be a German national.

- A sound understanding of the German financial system. A background in financial analysis.

This will be a high profile position with our client base around the world, and is an opportunity to help develop an important area of our international objectives. The ability to communicate well and work in a team environment

 Please write, enclosing your C.V., to Mr Richard Snyder, Director of European Research, Prudential-Bache Capital Funding (Equities) Ltd, 9 Devonshire Square, London EC2M 4HP.

Prudential-Bache Capital Funding

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This is primarily a sales position for a competent marketer with a banking/financial-background who can earch, sell and manage Internitional conferences.

Applications are invited from graduates aged 25-35, with sales experience; a larguage ability and experience within the banking industry, who can sell to senior personnel in financial institutions. Extensive overseas travel is involved.

An attractive remuneration package will be paid to the auccessful candidate.

Applications in writing to:

Diane Chaplin, Director of Administration & Personnel, Euromoney Publications PLC, Nestor House Playhouse Yard, London EC4V 5EX.

UK Corporate Finance Director for international investment bank to solicit and execute business and direct research effort.

and the second of the second of Please write in utmost confidence with resume and salary requirements to:

Box A1115. Financial Times, 10 Cannon Street. London EC4P 4BY



Trader

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FINANCIAL TIMES WEDNESDAY JANUARY 18 1989



NEW CHALLENGE IN TOKYO OR LONDON - 1989!!

JAC Recruitment has been involved with staff placements in Japanese and Non-Japanese companies for 14 years. Senior positions we deal with are:

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If you are looking for a challenging change - in UK, Europe or Overseas - please call trms Kloer-Gill on Tel: (01)796 4615. JAC Recruitment 3rd floor, Dauntsey Hse, Old Jewry, London EC2R BAB. (Also If you wish to fill any financial or general position in your company please call us.)

Merton College, Oxford

TOTAL CONTRACTOR OF THE PROPERTY OF

The College seeks to appoint a Burser, to take up office as soon as possible in 1989. The successful applicant, initially, will assume the duties and responsibilities of the present Finance Bursen but if is envisaged that he or the present running sures, our anservanged was the or she will, at a future date, also assume the responsibilities of the present Domestic Bursar. The appointment is of major importance to the College and it is intended to elect the successful applicant to a Fellowship, after an initial

The responsibilities of the Finance Burser embrace the full range of financial policy management and control, including relations with investment advisers and the Inland Revenue. It is important that applicants be familiar with the techniques and opportunities of electronic data handling in financial administration. There is no age restriction, but candidates about be able to offer a successful causes in their chosen sector and be in a position to serve the College for at least ten years.

Brook House, 113 Park Lune, London, W1Y 3HJ.

ECONOMIST

Major International Bank, specialising in Capital Plantets, seeks to recruit an Economist with an excellent academic tockground and experience of economic malysis from within a Capital Markets area. The successful applicant will currently be employed in a similar capacity working in financial analysis, particularly macro-economics forecasted assessing inferent rate/foreign exclusive structures, recommendating politicals Switches and within the first transfer as a tree political confirmation offering excellent, scope for personal development, within an expanding

BUSINESS DEVELOPMENT OFFICER

European Gank is tooking to strongthen its UK Credit area and seeks to recruit a
Business Development Office, Ideally aged mid 20°s - mid 30°s, to work solely on a
designated client base including Francial Institutions and UK Corporates.

The successful cardidate will come from a similar environment and will be fully
convenant in UK Corporate Business Analysis and Development with sound
experience of presenting client evaluations to Credit Committee. Knowledge of a
European Impunge desirable.

SOLICITOR £28,000 SOLICITOR £28,000

The London branch of one of Europe's major baoks seeks to recruit a Legal Counsel to assist with any legal matters internally or in relation to the branch's cients. The responsibilities will include business planning issues designated individual cases and preparation of legal memoranda and documentation. This position would suit a qualified UK Solicitor with a good general knowledge of backing business and with relevant work experience of a minimum two years post qualification.

DEALER/SALES

CHIEF DEALER
- experience of FX Customer dealing.
- experience of sales to include multi-currency bonds.
- experience of trading FX/MM and Of Balance Sheet

EQUITY TRADER - experience of International Equities.
SENIOR PX TRADER - experience of SPOT/FORWARD, multi-currency.
TREASURY DEALER - experience of Options, CAPS, FRAs, Putures etc.

OSLIN ROWE II Blomfield St., Lumber ECs. Tal: 111-636 5246. Parc 49-162 9427 ERCEUTMENT CONSULTANTS -

PROPERTY LENDING EXECUTIVES

Our business is interesting, excelling and very challenging; offering the oppo-achieve solid meets and to have direct responsibility for helping our clients their businesses, with your contribution directly reverded by a top salary and becaus and benefits package.

ere: To market loans up to \$5m to residential trong property background with Morchant or Co



CONSOLIDATED CREDITS BANK LIMITED

Westworld, West Gate, London W5 1DT, Tel No 01-998 8822.
A LEWIS TRUST GROUP COMPANY

EUROPEAN SALES EXECUTIVE

UP TO £25K (+ Bonus) London office of international financial publishing company seeks sales executive to market its sponsored conference and small private membership activities to major financial institutions in UK and Europe.

Qualifications: At least 5 years commercial experience, with financial knowledge preferred and language ability

an advantage. Candidates must be articulate, self

motivated and comfortable with dealing at senior level.

Please send CV to: Miss F. Lovett, Institutional Investor, 56 Kingsway, London WC2B 6DX



Corporate Loan Review

Fluent German

£23,000-£25,000 + Banking Benefits and Car

Our client, an established City banking subsidiary of a North American financial institution is setting up an International Loan Review Unit

Our client wishes to recruit an experienced banker with a minimum of 5 years experience in secured lending to medium sized companies, the property market and high net worth individuals, in addition to a thorough knowledge of security documentation preferably gained in an international

environment The successful candidate will be aged 25-35 fluent in English/ German, with an appropriate professional qualification. The position will require travel outside the UK.

A comprehensive range of fringe benefits include company car, mortgage subsidy, pension and life assurance, private medical cover and loan facility.

Please write with your career details to J.D. Vine (Ref. FT/111), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any companies in which you would not be interested.

> VINE POTTERTON RECRUITMENT ADVERTISING



SALES & MARKETING EXECUTIVES

The WM Company, a subsidiary of Bankers Trust Company, is a leading provider of decision support and management information services for the owners and management information services for the owners a managers of globally invested portfolios. The range of WM services include Investment Accounting, Portfolio Valuation and Analysis and Performance

Measurement services which are tailored to meet the needs of the international investor. We currently have over 400 clients worldwide representing assets in excess of £250 billion.

As part of our next phase of expansion, an opportunity has arisen in our London Office for two individuals with extensive experience in Investment Accounting, Portfolio Valuation and related services.
The successful applicants will be educated to

degree level and have direct experience of marketing invested related services or an in depth knowledge of the administration function within a major financial institution. The demands of these positions are reflected in total earnings in the region of £30,000 plus an attractive benefits package which includes a company car, mortgage subsidy, BUPA and company

interested applicants should write enclosing full career and personal details to OWEN SCOTT, PERSONNEL DIRECTOR.



THE WM COMPANY

WORLD MARKETS HOUSE, CREWE TOLL. EGIT

SENIOR EXECUTIVE

UK Corporate Marketing

£Neg + Car City

Our client is a prominent international bank with offices in the world's major financial centres. To assist spearhead the profitable development of its UK marketing activities, the Bank now seeks to appoint an experienced corporate banker to report directly to the department head. Prime responsibilities as senior account officer will be to identify and analyse potential opportunities and market professionally the Bank's services to a wide range of medium to large UK corporates.

Applications are invited from energetic, articulate, ambitious executives, ideally educated to degree level with a strong credit background and able to demonstrate a successful track record in marketing corporate, treasury, and trade finance products.

The remuneration package will fully reflect the importance of this key management position and will include an attractive range of benefits. Interested individuals should either telephone or send their curriculum vitae in strict confidence to Walter Brown, Executive Director.

INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

7 Birchin Lane London EC3V 9BY



Tel: 01 895 8050 (12 lines) or: 01 626 2150 (24 hour) Fax: 01 626 2092

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WALKER CRIPS WEDDLE BECK

Invite I or 2 Associates with high quality

business to join an independent company where service to the client is paramount.

Please contact:- Mr Larry Byford, Chairman. Walker Crips Weddle Beck Telephone 01-253 7502

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USM & THE THIRD MARKET The Financial Times

proposes to publish this survey on: **6TH FEBRUARY 1989**

EDWARD MACQUISTEN on 91-248 8000 ext 3300

> or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

WARDLEY INVESTMENT SERVICES (HONG KONG) LIMITED

SENIOR INVESTMENT **MANAGER**

To meet the demands of our rapid growth, we are seeking an experienced fund manager to support our Regional Funds team in the strategic development of our business.

The candidate will most probably be over thirty-five and have had hands-on experience in the management of funds for at least 10 years. Less qualified candidates will also be considered for other positions. Responsibilities will involve investment decision-making in a specific market and contributing to the overall policies of our regional funds. Experience in Asian equities is essential.

Our environment is professional, creative and dynamic, and provides excellent career prospects in a global investment management group which, in addition to its principal subsidiary in Hong Kong includes investment management operations and representative offices in other major Asian centres.

An attractive salary, expatriate benefits and a performance related incentive plan form the remuneration

Please forward your curriculum vitae including present salary to:-

> Mrs. Helen Davies, Personnel Manager, Wardley Investment Services International Ltd., I/F, 99 Bishopsgate, London EC2P 2LA.



member: HongkongBank group

ACCOUNT OFFICER

An international Bank, about to commence active marketing of commercial and corporate finance products from London, requires an ACIB qualified credit professional to undertake comprehensive analysis and risk assessment responsibilities, Candidates aged 30 + will ofter a minimum of 5 years' relevant experience, formal credit training and accomplished communication skills, Working within the Corporate Lending unit of this major European Bank, this position offers a graduate banker with fluent French good prospects and progressive responsibility. The Bank requires a positive, outgoing personality and relevant corpoerience and offers a fully compe

Salary: c.£27,000 p.s. Contact: Meggie Griffiths

CREDIT ANALYST

Our client, a prime North American Bank, has an opportunity within the European Corporate Banking area for a graduate analyst, aged e-m 20s, with fluency in at least one European language to undertake a broad range of marketing support duties

Salary: c.£22,000 p.a. Contact: Maggie Griffithe

GORDON BROWN & ASSOCIATES LTD.



CREDIT MANAGER

A leading European Bank with an established high profile dealing operation in London, seeks to strengthen its support team. The role requires FX and money market experience, including "special products", and well developed management skills. An excellent remuneration package will include the profile to a con-

Salery: c.£35,000 p.a. Contact: Frank Hoy

SETTLEMENTS MANAGER

Salary: c.£25,000 p.s. Contact: Freek House

5TH FLOOR, 2 LONDON WALL BUILDINGS, TEL: 01-628 7801 FAX: 01-638 2738

Gordon Brown

LEGAL NOTICES

THE PORTAUTHORITY

OF MYS MJ REQUEST FOR QUALIFICATION INFORMATION DEVELOPING A SUPERIOR FIRST-CLASS COMMERCIAL HOTEL JOHN F. KENNEDY INTERNATIONAL AIRPORT

JFK REDEVELOPMENT PROGRAM The Port Authority of New York and New Jersey has begun to radevelop John F. Kennedy International Airport (JFIQ) and, in periodier, to reconstruct the central terminal area to provide improved airport service to the New York and New Jersey trebropolitan area. At least one superior first-class hotel incorporating twelve floors (two public hotel floors, five floors of guest norms and a public perking garage with capacity for 1300 perking spaces on five floors) is planned as part of the radevelopment. The purpose of this Floquest for Qualification information is to designate a developer for the first hotel.

At this time it is envisioned that the Port Authority will enter into a lease agreement with the developer.

The Port Authority will use a two-step process an initial Request for Qualification information followed by a Request for Proposal to a select number of qualified developers. In general, contributeration will be given to only those developers who can demonstrate financial capability or secure a line of credit in the amount of \$52 million and who can de-monstrate experience in the following:

a. Development and operation of superior first-class hotel Development and variance pering garage
 A national and international reservation system
 A strong operational plan
 A strong management structure

If you are interested in being considered and believe you are qualified, please write for complete "Request For Qualification information kit" to:

Mr. Cryllie A. Romney Project Manager JFK Redevelopment Program The Port Authority of New York and New Jersey John F. Kermedy International Airport Building 14 Jamaical, New York 11430

Qualification statement must be received by the close of business (5pm EST), March 31st, 1959.

BUILDING SOCIETIES

The Financial Times proposes to publish this survey on:

For a full editorial synopsis and advertisement details, please 11th February 1989 For a full editorial synopsis and advertisement details, please contact:

> The Davis on 01-248 8800 ext 4181 or write to him at:

> > Bracken House 10 Cannon Street London EC4P 4BY

FINANCIALTIMES

COMPANY NOTICES

CREDIT FONCIER DE FRANCE ECU 200.000,000 Floating Rate Notes Due 1995

For the period from January 18, 1989 to April 18, 1989 the Notes will Carry an interest rate of 8,28675% per annum with an interest amount of ECU 206.72 per ECU 10.000 Note and of ECU 2.067,19 per ECU 100.000 Mpts. The relevant interest payment date will

Banque Paribas (Luxembourg) S.A.

COMPANY NOTICES

TPM COMPUTER SERVICES

NOTICE IS HEREBY GIVEN, pursuant to socion 48(2) of the insolvency Act 1966, that a meeting of the ensecured oradions of the anext and the second oradions of the LEY HOUSE, 3 NOBLE STREET, LONDON ECEV TOO at 11.00 hours on MONDAY 6 FEBRUARY 1966 for the purpose of having leid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks it, establish a committee to exercise the functions conferred on creditors' corruptions by or under the Act.

(a) they have delivered to us at the address shown below, no later than 1200 hours on FRIDAY 5 FEBRUARY 1886, writien details of the debts they cleim to be due to them from the company, and the claim bas been duly admitted under the provi-sions of Rule 3.11 of the insolvency Rules 1886; and

(b) there has been lodged with us any proxy which the creditor intends to be used on the behalt.

R W Cork and J C M Bishop Joint Administrative Receivers Cork Gully, Shelley House, 3 Noble Street, London ECZV 70Q

NOTICE OF APPOINTMENT OF JOSET We, C W Meta and R E C Cook of Cork Gully, Absove Court. 6 Minshall Street, Menchester M1 3ED were appointed joint administrative receivers of I-Craft Limited.

Registered No. 2058107 by National Westminster Bank PLC on 12 lanuary 1989

CREDIT NATIONAL ECU 175.000.000 FLOATING RATE NOTES DUE 1995

For the period from January 17, 1989 to April 17, 1989, the notes will carry an interest rate of 8 5/16% per annum with an interest amount of ECU 207,81 per ECU 10,000 note and of ECU 2,078,13 per ECU 100,000

The relevant interest payment date will be April 17, 1989. Banque Paribas

PERSONAL

PUBLIC SPEAKING Training and speech writing by award whining speaker. First lesson free. 01 930 2197,

CLUBS

EVE has outlived the others because of a policy on fair play and value for anoney. Suppor from 10-3.30 are, Disco and too municiana, glumorous hostespes, exciting, figoratiours, 189, Report St., 01-734 085

COMMODITIES AND AGRICULTURE

Peru strike fears lift metal prices

By Kenneth Gooding, Mining Correspondent

FEARS ABOUT more strikes in Peru's mining industry sent copper and zinc prices to record levels in early trading on the London Metal Exchange yesterday.

Peru contributes about 11

per cent of non-Communist world mined zinc ontput and 6 per cent of copper production.
Mr Tony Hayes, head of the
mining team at W.I. Carr, the London stockhroker, noted that stocks of both metals were virtually eliminated last year. "Consumption, which picks up seasonally at this time of year, must come entirely out of production - so any interruption to supply pushes up metal prices," he said. There was some confusion

about the possible date when the Peru strike decisions would be made. Some analysts were expecting no action until a major union confarence on

However, Peru's national mine union leader Mr Saul Cantoral told Renters late on Monday that there would be strikes if employers did not in the next few days accept miners' demands at three major companies – Hierro Peru, Southern Peru Copper and Centromin – which employ 30,000 miners, about half the

country's total.

This helped push the LME price of three-months High Grade zinc to a record \$1,692 a tonne early yesterday whilo Grade A copper reached a peak in both dollar and sterling terms: \$3,265 and £1,859. Prices eased later ou profit taking. Three-month High Grade zinc ended the day \$9.50

down at \$1,667 a tonne but the

first time on Monday, at \$1,710 a tonne. Grade A cash copper ended £4 up at £1,952.50 a tonne while three-months metal rose by £13 to £1,851.50. An additional factor boosting

spot price, although down \$2.50, remained above tha \$1,700 level, breached for the

the copper price was specula-tion about the impact of the explosion at Codelco's Chuqui-camata mine in Chile. Analysts believe that Codelco's loss of output will be far in excess of the 4,000 tonnes of refined copper the company quoted.

Brazilian company steps up iron ore sales

COMPANHIA VALE do Rio
Doco (CVRD), Brazil's big
state-owned mining company,
says its iron ore exports
will only be available when the
annual report is published,
possibly before the end of the
month. increased by 10.4 per cent to 82.7m tounes last year, accounting for two thirds of total export sales, which were up 54 per cent to about \$2bn.
Domestic sples of interesting the contract of th tic sales of iron ore totalled 29.6m tonnes. Officials say further details

Vale do Rio Doce, which claims to be the world's biggest supplier of iron ore, says revenues and volumes rose on the back of strong demand from its existing markets, especially in

The Japanese were CVRD's

main customers, taking about 40 per cent of shipments last year. Other Asian markets, particularly South Korea, bought 10 per cent of exports. Japan was one of the princi-pal foreign investors in tha wast Carajas mining project in the western Amazon Carajas

is now an important source of

Brazil's iron ore, with exports

Western Europe imported about one-third of all CVRD's exports. Eastern Europe bought just under 10 per cent with the remaining 10 per cent going to small markets in North America, Middle East and Africa

Company officials say they expect exports to remain stable in volume terms this year.

Antimony price pact 'unlikely to succeed'

An attempt by China and Bolivia to introduce a producer price for antimony is unlikely to succeed, according to traders, even though between them the two countries account for more than half annual world supplies of the metal, worth about US\$126m on the free

The move is also seen as another bid by China to pene-trate more deeply the world market for antimony trioxide which provides by far the biggest volume of antimony con-sumption. This downstream product is used as a fire retar-dant for such things as plastic fittings and furniture in cars

Europe's antimony trioxide business is dominated by the Cookson Group of the UK, two French companies, Mines de la Lncette and SICA (Societe Industrielle Chemicane de duced on average an annual l'Aine), and Compine in Belgium, part of the S W Hempel 25.3 per cent of world output,

All prices as supplied by Metal

Bulletin (last week's prices in

ANTIMONY: European free

BISMUTH: European free

CADMIUM: European free

LONDON MARKETS

market, min. 99.5 per cent, \$ per lb, in warehouse, ingots

market, min. 99.99 per cent, \$

per lb. tonne lots in warehouse.

6.65-6.80 (same).

market 99.6 per cent, \$ per tonne, in warehouse, 1,950-2,025

group of West Germany. Antimony in its metallic form is most widely used in small storage batteries for cars and other vehicles. It is also used for bearing metals, type

metal, cable coverings, lead pipes and sheets, soldering and

in many of these applica-tions it has been replaced by plastic, while the rapidly grow-ing use of "maintenance-free" car batteries, which employ calcium instead, is also making a severe dent in demand. According to Mr Phillip According to Mr Phillip Crowson, economic adviser to RTZ, world production capacity for antimony in 1986 was 107,000 tonnes but output in that year and 1986 averaged only 54,390 tonnes.

In his "Minerals Handbook"

Mr Crowson suggests that in those two years China pro-

8.30-8.50 (same), sticks 8.30-8.50

market, 99.5 per cent, \$ per lb, in warehouse, 7.65-7.85 (same).

COBALT: European free

MERCURY: European free market, min. 99.99 per cent, \$

per 76 lb flask, in warehouse,

MOLYBDENUM: European

free market, drummed molyb-dic oxide, \$ per lb Mo, in ware-house, 3.50-3.53 (same).

275-290 (same).

tonnes or 17.6 per cent. The two countries have, for

the first time, reached an accord on prices and have agreed to sell antimony concentrates at US\$19 a tonne and the refined metal at \$2,250 a tonne (FOB London) during the first quarter of 1989. Prices for the second quarter will be agreed on in May, according to Mr Mario Mercado, chairman of the Bolvian Antimony Pro-

The metal's price moved up by about \$150 a tonne in the free market this week after the announcement but is still about \$100 a tonne below the new producer price (the table below shows last Friday's

Mr Douglas Hulse of Wogen, the London metal trading group, said Chinese antimony metal had recently changed

SELENIUM: European free

TUNGSTEN ORE: European

kg) WO, cif, 56-64 (same). VANADIUM: European free

cif, 8.50-9.00 (8.30-9.00).

URANIUM:

hands in the free market at between \$1,950 and \$2,050. Boli-**WEEKLY METALS PRICES**

> market, min 99.5 per cent, \$ per lb, in warehouse, 8.40-8.90 ers? asked Mr Huise.
> Traders suggested that Chinese antimony trioxide had free market, standard min. 65 recently been producer price they have agreed with Bolivia for prodmarket, min. 98 per cent, VO. Nuezco exchange value, \$ per lb, UO, 14.15 (same).

while Bolivia contributed 9,580 vian concentrates, which are of a higher quality than those from China and attract a price premium, have been fetching \$18 a tonne.

He suggested that China and Bolivia, which both have state-owned mining industries, were unlikely to make their producer price stick "but if they do get their act together metal prices would go above \$2,250 a tonne."
Mr Amir Weissfisch of Lam-

bert Metals, another metal trading company, suggested that it would not not be possible for the Chinese and Bolivians to monitor the agreement effectively. China in particular would have difficulty controlling its own producers, many of them rela-tively small because antimony production did not call for big investment in capital equip-ment. It was virtually impossible for the Chinese authorities to stop the small producers smuggling their metal into

Hong Kong.
A number of traders pointed out that the two countries had left antimony trioxide out of their agreement. "Will they sell at a low price and arouse the wrath of the western produc-

Hooding into Europe and the US at prices as low as \$1,800, well below the ucts with lower value-added. Minerals Handbook 1988-89, published by Macmillan.

2379-80

686-7 599-802

374.6-6 378-8.5

875 381/378

(Prices supplied by Amalgamated Metal Trading)

Ring turnover 22,425 tonne

Ring turnover 28,100 tonne

24,444 lats

67,960 lots

Ring turnover 0 ozs

444 lots

19,383 lots

High/Low AM Official Kerb close Open Interest

Soviet observers to attend oil talks

By Steven Butler

THE SOVIET Union said yesterday it would send obsarvors to the moeting between Opec and non-Opec oil producers to be held in London on January 26. The meeting is aimed at promoting co-opera-tion among oil producers to stabilise world oil markets. The Soviet Union has previ-ously not participated in any Opec forums, and has rejected suggestions that it reduce its substantial oil exports in an effort to support international

The Soviet Union is the world's higgest oil producer and depends on oil revenues for a substantial portion of its hard currency earnings.

The announcement came

during a visit to Moscow hy Mr Said bin Ahmed Al-Shanfari, the Omani Oil Minister. Oman, not an Opec member, has taken an active role in promoting co-operation with Opec.
Eight non-Opec countries have agreed to send representatives to the meeting, while six Opec nations will be repre-

 Pakistan's new Government has halted an arrangement made by the previous regime for Union Texas Petroleum to export oil to Singapore and

ordered an inquiry into the agreement, writes Christina Lamb in Islamabad.

Mr Jehangir Badr, the Petroleum Minister, is angry that the first shipment to Singapore was mada on December 24 without the Government being informed. Another tanker which arrived on Sunday from Singapore for the second ship-

ment has been stopped.
"Union Texas did not inform
us that they were making the shipment nor did they consult us over the pricing. The Government is now examining the viability of the deal," said Mr Badr.

However, the agreement is not thought to have required Union Texas to inform the Government prior to export. The Bbutto Government is already re-examining several commodity agreements made before it took power in Novem-Pakistan currently produces

about 50,000 barrels of oil a day and the agreement signed in September to export 12,000 barrels to Singapore for 16 dollars a barrel was the country's first entry into the export market.
Pakistan imports 160,000 harrels of oil a day to meet its own requirement, which is growing at 9 per cent annually according to Mr Shahid Ahmed, the Director General of Petroleum Concessions. The export agreement was signed because Pakistan does not have the refining capacity for the amount of oil it produces.

Weather damage adds to Brazilian coffee gloom

John Barham studies the problems facing growers.

HILE THE Interna-tional coffee market appears unsure what to make of Brazil's coffee harvest, growers are hoping against hope that this year will see the end of their troubles. see the end of their troubles.

Frost, followed by severe drought, compounded by high inflation and low producer prices, has drastically reduced the volume and quality of Brazil's coming 1989-90 coffee crop. In response prices have rallied strongly from last year's low levels, but few Brazilian farmers have benefitted.

The Brazilian Coffee Institute (IBC), the state agency which regulates the coffee

trade, has already reduced its crop forecast from a bumper 40m bags (60 kg each) to 22.9m bags. Now traders expect a harvard of 10 cm bross which regulates the coffe

harvest of 19.8m bags.

An analysis by Mr Bruno
Angst, a noted coffee trader,
stated that "Brazil will not have the minimum conditions to maintain the high standard of export coffee seen in the last He forecasts that stocks of

ne torecasts that stocks of quality coffees will be exhausted before the next cof-fee year ends in June 1990. By then, he says, Brazil could be short of 5.5m bags of export coffee Other traders are less

alarmed, but all seem to agree that supplies will remain very Mr Bernardo Roma, an IBC official, says the institute has stocks of over 17m bags, while traders are holding about 13m bags. "There is no risk of us

not meeting exports," he insists. "Any discussion of how stocks will behave would be Yet traders and growers say that only a fraction of the stocks are of export quality. The states of Parana, Sao Paulo and parts of Minas Geris, which grow the best arahica coffees, have suffered most. The only regions to maintain output are those that produce lower quality robusta

and connilon beans, for domes-

tic consumption or used to Producers, especially the small growers who form the backbone of Brazil's coffee industry, complain that the tightening market and rising prices merely highlight their own difficulties. Most growers had to sail their crops early to make soluble coffee. had to sell their crops early to pay crushing debts, which pre-vented them from cashing in when prices began rising late



A two year collapse in domestic prices, very high inflation and extreme weather have driven many coffee farm-ers to the brink of insolvency. They cannot afford the fertilisers, pesticides or farm labour needed to maintain their plan-

rations.
Falling yields have begun a vicious circle of falling incomes and declining productivity. In real terms producer prices have fallen by about 80 per cent in three years, but fer-tiliser prices have increased by

In southern Minas Gerais, an increasingly important coffee-growing region, Mr Pedro Roberto de Souza, who has grown coffee all his life, says; "I'm still in business because I did not take any farm credit at the bank, inflation is so bad, my debts would grow out of con-

Farmers pay 10 per cent interest on top of the inflation rate, which has surged far ahead of coffee prices by 984

per cent last year.

Like most growers, his de Souza has halved spending on fertiliser this year. Now he expects to beyont about 16th bags of coffee from his small farm, instead of the 140 he had originally expected. Last man he picked 29 bags, compared with 246 bags in 1869.

Officials at the marrhy Guarupe Coffee Co-operative, one of the largest in Brazil; say singles at its warehouse, manually stacked to the roof with onthe bags, are unusually low.

bags, are unusually low.

The lack of chally comes
that the exporters are some
plaining about is likely to persist as long as chaos and
uncertainty paralyses the scho-

omy.

Mr Augusto Magalhase, a Guaxupe agronomist, espition:

"If there was economic stability with less inflation, farmers would feel more confident and begin investing in their farmers

again."
Some 80 per cent of familia 4.2bn coffee bushes are about 18 years old now pest the peak of their productivity. "On average, Brazil gets 2 begs from 1.000 hushes," says Mr. Jose Geraldo de Oliveira, a director of the Ouaxupe Co-op, but the yield needs to be three or four time greater."

yield needs to be those or four times greater."

The ageing bushes must soon be replaced. The IRC financed the previous replaceding using proceeds from very high export sales. At present, however, it is immobilized by a lack of funds, caused by a dispute over its future.

The next harvest, which hegins in June, could signal begins in June, could signal the end of passent difficulties, Better prices should allow farmers to lavest in their farmers and so begin providing the quality and quantity the market is demanding, but before that happens tarmers say, the government must bring inflation firmly under control and decide on a consist-ent agricultural policy. Even the optimists do not expect that to happen for another two years at least.

Rain dampens Malaysian cocoa hopes

MALAYSIA'S COCOA output Cosst and Brazil in 1988-89 (October/September) An unusually is expected to fall short of earlier estimates because of extended rains which have cut production on some estates by up to half, reports Resser from

Planters and traders in Sahah state believe output is likely to be 200,000 to 220,000 tonnes instead of the 240,000 tonnes forecast officially. Malaysia produced 205,000 tonnes of cocoa in 1987-88,

making it the world's third

largest producer after the Ivory

US MARKETS

spell between July and Janu-ary delayed fruit-setting, explained Mr Norman Young. Growers Association of Sabah stones, in Tawau, the sain Rains also hampered trans trading centre for Sabah state, port of harvested beans in which accounts for about 55 areas around the south-eastern town of Lahad Datu; where

CRUDE OIL (Light) 42,000 US gaits \$/berrel

some bridges had been washed away, Mr Young said. Planters said muddy tracks had bogged down even tractors and workers had to re-dry beans packed earlier to prevent

over fermentation while siming transport.
Farmers are also couces An unusually long rainy about a worldwide cocoa gint which has pushed prices down president of the Cocoa to under 8,300 ringgit (\$885) a

> Sabah exported 104,264 tonnes of cocoa worth 401.3m ringgit in January-September 1988, up from 80,046 tonous worth 844.5m ringgit in the corresponding period of 1987.

per cent of Malaysia's cocoa

WORLD COMMODITIES PRICES

s, 99.7% parity (\$ per tonne)

per, Grade A (2 per tonno)

er (US cently/fine ounce)

Previous

375-6 377-8

COCOA prices tell in London yesterday, the second position contract closing below £800 a tonne for the first time since October 31 last year. However, this was above the day's lows, and dealars said that technically the market was conso dating after absorbing the heavy liquidation that emerged at the beginning of the year. Some traders said the market was likely to trade cautiously in tha ilking to trade caudency in the near-term, with the Ivorian Calese de Stabilisation's managing director making a statement today. Coffee prices also retreated, mainly because of uncertainty about the en Brazil's new economic austerity plan on coffee, dealers said. Meanwhile Siffex freight tutures featured ions

SPOT MARKETS		-
Crude oil (per barrel FOS)		+ or -
Dubei Brent Bland W.T.I. (1 pm set)	\$14.50-4.60z \$17.25-7.35w \$19.13-9.16w	+0.35
Oll products (MIVE prompt delivery per t	orme CIF)	+ or -
Promium Gasoline Gas Oil Hosny Fuel Oil Naphthe Petroleum Argus Estimates	\$170-173 \$148-150 \$72-73 \$155-157	+2 -1 +1 +2
Other		+ or -
Gold (per troy oz)@ Silver (per troy oz)@ Platinum (per troy oz) Palladium (per troy oz)	\$402.25 503c \$521.25 \$132.25	+0.75 +4 +2.50 +0.76
Aluminium (free merket) Copper (US Producer) Leed (US Producer) Nickel (free merket)	\$2425 1695 ₃ -162c 41c 755c	+45 +5 +90
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OT MARKETS de ell (per barrel FOS)		
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mium Gasoline	\$170-173	+2
s Qii my Fuel Qii	\$148-150	-1
phtha	\$155-157	+1
roleum Argus Estimates		
Ner .		+ or
ki (per troy oz) (h ver (per troy oz) (h	\$402.25	+0.7
mor (per troy oz)	593c \$521,25	+4
hadium (per troy cz)	\$132.25	+0.76
minium (free market)	\$2425	+45
pper (US Producer) Id (US Producer)	169-3-162c 41c	+5
itel (free merket)	755c	+90
(European free market)	£4282.5	+10
(Kusia Lumpur market) (New York)	20.09r 341.5c	+0.11 -7.5
c (US Prime Western)	7436	-1.0
de (live meight)†	110.040	-2.19
rep (dend weight)	148,700	-6.13*
s (live weight)	74.75p	+20
don daily sugar (raw) don daily sugar (white)	\$252.0x \$280.0x	+6.6
and Lyle export price	\$250.5	+2.5
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Strack Strack SO in Warac Mar Mar Mar Mar Mar Mar Mar Mar Mar Mar	1138 1140 1135 er:2967 (2 dicator pr t Comp. t t Comp. t t Tourse 213.03 221.00 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80 212.80	1142 1145 1187) lots of fores (US of daily 122 of 131.42). Time) Previous 225.00 230.00 225.00 222.00 Previous 273.00 270.00	1140 1136 1140 1136 10 tonnes 10 tonnes 10 (123.26); 13 18gh/Low 223.60 220.60 222.80 223.40 228.00 219.60 217.00 218.00	a) for day	Cash 8 mont Zine (S Cash 8 mont A POTA)
John Mary Mary Mary Mary Mary Mary Mary Mary	1138 1140 1135 er:2967 (2 dicator pr £ Comp. e 130.93 (E (\$ per to 221.80 221.80 221.90 221.90 212.80 221.90 221.	1142 1145 1187) lots of foss (US to dally 122.9(131.42). Previous 225.00 225.00 225.00 227.00 278.00 278.00 278.00 269.00	1140 1136 1140 1136 1140 0 tonnes 1145 per pounc (123.25); 15 145gh/Low 229.60 229.60 228.00 219.60 227.00 216.80 218.00 145gh/Low 278.00 286.00 273.00 286.00 273.00 286.00 273.00 285.00	i day	Cash 8 mon Zine (i Cash 3 mon Zi
Copios Copios Copin Copi	1138 1140 1135 er-2987 (2 dicator pr £ Comp	1142 1145 1147) lots of free (US of daily 122.9(131.42). The) Previous 220.00 230.00 225.00 222.00 270.00 270.00 280.00 270.00 280.00 280.00 280.00 280.00 280.00 280.00	1140 1136 1140 1136 1140 0 tonnes sats per pound (123.25); 15 145/Low 229.60 229.80 228.00 219.80 224.00 216.80 277.08 218.00 273.00 286.00 273.00 286.00 273.00 286.00 273.00 286.00 273.00 286.00 273.00 286.00	a) for day	Cash 8 mon Zine (i Cash 3 mon Zi
John Mary Mary Mary Mary Mary Mary Mary Mary	1138 1140 1135 er:2967 (2 dicator pr £ Comp. e 130.93 (E (\$ per to 221.80 221.80 221.90 221.90 212.80 221.90 221.	1142 1145 1187) lots of foss (US to dally 122.9(131.42). Previous 225.00 225.00 225.00 227.00 278.00 278.00 278.00 269.00	1140 1136 1140 1136 1140 1136 1140 1136 1140 1136 1143 1143 1146 1143 1146 1146 1146 1146 1146 1146 1146 1146	a) for i day	Cash 8 mon Zine (i Cash 3 mon Zi
lepoor on the second of the se	1138 1140 1135 er-2987 (2 dicator pr £ Comp	1142 1145 1197) lots of fores (US of daily 122 st 131.42). The Previous 225.00 230.00 225.00 222.00 270.00 270.00 289.00 259.00 259.00 259.00	1140 1135 1140 1135 1140 0 tonnes sits per pound (123,25); . 15 13gh/Low 223,60 220,50 224,00 218,80 277,00 218,00 218,80 277,00 284,00 273,00 284,00 273,00 284,00 273,00 284,00 273,00 285,70 268,00 253,50 251,50	day	Cash 8 month 22mc (\$ Cash 3 month 2 mo
lepoor on the second of the se	1138 1140 1135 er 2987 (2 dicator pr £ Comp. e 130.93 (6 150.93 (6 221.80 221.8	1142 1145 1187) lots of foes (US of daily 122 of 131.42). Time) Previous 225.00 225.00 225.00 225.00 225.00 226.00 226.00 257.00 259.00 259.00 259.00 259.00 259.00 259.00	1140 1136 1140 1136 1140 1136 1140 1136 1140 1136 1143 1143 1146 1143 1146 1146 1146 1146 1146 1146 1146 1146	i day	Cash 3 mont Zine (\$ Cash 3 mont

SHOVE	(\$ per to	Ma)			
Row	Close	Previous	High/L	.OW	_
Mar	221.80	226.00	229.60	220,60	_
May	224.80	230.00		223.40	
Aug Oct	221.00	225.00		219.80	
Dec	217.60 218.00	222.00		216.80	
Mar	212.80		217,00		
White	Close	Previous	High/L		
Mer	266.50	278.00			— .
May	265.00	270.00		266.00	
Aug	264.50	200.00		262.70	
Oct	258.50	262.00		258.50	
Mer	253.50	259.00		253.50	
May	251,50	257.50	251.50		
Turnow	A Rew	7186 (3064)	lots o	50 tree	-
maio 2	۱۱۴۱ عدد	L			
Peris- 1	Mhite (Fi	f per tone Oct 1642, D	10): Ma	1690, 1	kay
_	-	out ions, p	MC 7525	Mar 18	15
LONDO	A WETAL	EXCHANG	E TEAT	ED OPTIC	=
	(99.7°				
			elle	Pubs	_
	rice \$ to		May	Mar Ma	y
2250		186	197	40 176	,
2360 2460		. 458	146	76 16	
2450		76	109	126 22	
Copper	(Grade A) 0	alls	Puts	_
3000		414	333		_
3200		278	242	55 212	
3400		174		118 31: 210 494	
		.,,	*/2	210 436	
					~~
I					ı
JUTE					-
Febru	ary/Marci	1989 c and	d 1 Dune	B77	J
34/5,	4WC 3 48	i. BTD \$425	. 8WO 8	435 C an	a I
1 VIKA	erp BTC	\$455, BWC	\$446, 61	NO \$400	" [
8TD\$	410.				
					-
					1
	-				
				a for the	ł
week	per-Spot	eng enipm 19	uni 206	to 308	ł
March (rayog Jel	MARY TO BU	in the s	revious	-
WHO'S	Tradity :	ves sicker.	Faw de	ais	1
OCCUPIT	ed and th	ode were I	nainly in	1	1
week o	oel-Spot ended Jer egainst Trading v	and chipm tuary 18 an 423 joines yas slower. Jose were n	nounted in the p Few de	to 306 revious sais	

3 mont	IS 3784	,	377-6	361/3/8	3/8-8.5	2/8-8	70,385 lots
Nickel (\$ per ton	ne)				Ring	turnover 1,056 to
Çesh S mont			16900-900 16200-50	17100/1685 16750/1620			6,191 lots
Zine, Sy	peolet Hig	it Grade (i	per tonne)			Ring	turnover 2,350 to
Cash S monti	1745 he 1705		1780-6 1715-20	1770/1760	1768-70 1725-30	1720-30	2.956 tota
	per tonne				,		smover 14,450 to
Cash	1705		1710-5		1726-90		
3 mont			17 10-5 1676-7	1685/1660	1682-3	1578-9	11,977 lots
Apr May	Close 73.0 83.9 er 610 (5	70.8 82.0	74.2 70.5 84.0 82.0 40 tonness.	<u>-</u>	Liquid offine oz Close Opening Morning for Aberraon So Day's high	402-402 ¹ 2 402 ¹ 2-403 402-10	227-227 ½ - 228 ¼ 226.963 227.042
	and No.				Day's low	40112-402	
SUTAB		L. E/tonne	High/Low				
	Close	169.00	168.00 166		Coins	\$ price	Sequivalent
Apr Jun	167.10 161.00	1080.00	164.00 161		Mapleleaf	417-422	2354-2364
Aug	156.00		155.00		Britannia	417-422	235 4 - 235 4
Turnow	er 565 (2) lots of 2	O foones.		US Eagle	417-422 417-422	235 4 -236 4 235 4 -238 4
		,			Angel Krugerrand	401-404	22612-22812
					New Sov.	95-96	534 5412
HEIQ!		E3 \$10/m			Old Boy. Noble Pist	95-96 528-50-637-85	53 k-54 kg 298.85-304.00
	Close	Previous			enform Lade		
Jen	1642	1846	1847 1640				
Feb	1686 1686	1675 1608	1677 1685 1700 1685		Silver IIx	p/fine dZ	US cts equiv
Apr Jul	1475	1482	1485 1473		Spot	333.30	590,60
Oct	1560	1595	1598		3 months	343.95	504.35
Jen	1595	1596	1586		6 months	354.60	618.80
BF1	1643	1542			tš months	\$75.70	640,30
Turnove	er 569 (21	10)					
GRANG	£/tonne				CRUDE OIL S		
Miseel	Close	Previous	High/Low			3000 Previo	<u> </u>
lan	112.50	112.00	112.65 112			6.43 16.25 6.04 15.83	16.43 16.29 16.08 16.91
Mar .	115.00	114.90	115.18 114	.95		6.21 16.05	
May Jun	118.20 119.60	118.00 119.60	118.30 118	.10 .60	Turnover: 300	1 (1602)	
Sep	102.25	102,10	102.25				
NO.	104.76	104.60	104.75				
lan	105.00	107.00	108.06		GAS OIL \$700		
	Close	Previous	High/Low		Clos		High/Law
				~	Feb 148.		148.75 147.00 145.50 144.25
<u> </u>		400		475	-		141 75 140 55
Barley Jan Har	109.00 717.50	108.55	109.00 108.		Apr 741.4	9U 74U-2D	PH 1.75 (44.64)
Jan Mar May	109.00 211.50 113.90	117.30 113.80	1/5.00 111. 1/4.00 118.	30 80 .	Apr 141. May 138.	06 137.60	141.75 140.50 138.25 137.00
lan Mar May Sop	109.00 217.50 113.90 100.20	111.30 113.80 100,15	115.06 111.	.30 .80 .	Apr 141. May 138. Jun 136. Jul 135.	06 137.60 00 134.25	

578-9	11,977 lots	short gain hous advi- were cont	ed in mises and inced co inced co inced co inced L	ng. Cattle ixed tradi local sho xton pric strong as ack of de narket so	ing. Comi et coveri es. Energ the upwa mand ke	diso mission ng ly tutures ard frenc
t sealing		ITOUR	ing on t	1141 1101 30	IL.	
<u> </u>	2 equivalent					
02½ -403 5	227-227 ½ 227 ¼-228 ¼ 226.983 227.042	Ne	w Y	ork		
-403 k	227.1942	GCLI	100 troy	oz.; \$/boy c	22_	
-402			Close	Previous	High/Low	
		Jen	402.7	402.2	0	6
-	£ equivalent	Feb	404.0	403.8	404.3	408.8
22	2354-2364	Mar	406.5 409.1	406.8 408.4	0 409.4	408.3
22	2353-2363	Jun	414.3	413.5	414.5	418.6
22	295 4 - 238 4	Aug	419.7	418.9	419.5	418.8
22	2354,-2384	Oct	425.3 430.9	424.5 430.1	425.4 431.5	424.7 430.0
14	2261 ₂ -2291 ₂ 531 ₄ -541 ₂	Dec	404.0	403.3	404.3	403.3
	53 k-54 k			roy oz, \$/tro		
1-637.65	298.85-304.00	FEAT	Close	Previous	High/Low	
					524.0	****
óż.	US cts equiv	Jan	522.8 523.3	515.7 517.0	524.0	\$19.5 519.0
		Apr Jul	523.3 822.3	036.0	522.5	0.013
?	590,60	Oct	522.3	816.0	522.5	521.0
	504.35 618.80	معل	522.3	516.0	525.0	525.0
i	649,30	Apr	525.3	519.0	<u> </u>	0
		SILVE	R 6,000 to	oy oz, cent	/tray az	
			Close	Previous	High/Low	
	·	Jan	594.4		591,0	591.0
Previo	us High/Low	Feb	596.7	691.4	0	0 597.0
16.26	16.43 16.29	Mer	601.0 611.2	595.7 605.9	603.0 612.6	608.0
15.89	16.08 16.91	May	821.5	016.5	623.0	\$18.0
16.06		Sep	632.2	626.0	632.0	827.5
2)		Dec	647.5	642.2	649.0	644.D
-		Jan	651.7 662.8	646.4 867.5	0	0
		Mar May	673.8	688.5	ŏ	ŏ··
				iba; cents/i	ho	
revious	High/Law	-	Close	Previous	High/Low	
6.75	148.75 147.00	_				156.50
4.00	145.50 144.25	jan Sah	158.70 153.80	158.05 154.05	158.70 . 0	756.3V 0
10.25 17.80	141.75 140.60 138.25 137.00	Feb Mar	145.80	146.05	149.50 .	145.20
4.25	136.00 134.25	May	136,80	135.30	137.60	153.80
3.00	135.75	أفتل	130,00	130.10	131.50	128.50 128.68
l foto cd	100 torines	Sep	126.00	126.10 122.10	127.00 123.60	122.20
, 4	THE WHITE	Dec	122.00	142 10		

IN T	HE MET	ALS, the	gold sit	ver and		Latest	Provious	High/Los		1
				n in light	Feb	18.21	18.88	19.21	18.00	
		orts Dren			Misc	18.29	17.95	18.30	17.84	
		oper pric			Apr	17.78 17.42	17.37	17.74 17.43	17.25	
		e chopp			-Hura	17,20	16.72 .	17.20	16.64	
		ha were			Jul	16.98	16.57	17.95	16.40	
		nd buyin			Aug	16.87	16.45	16.89	16.36	
				148.80c.	Sep	16.70	16.35 16.29	16.85	16.30 16.25	
		sugar ar								_
were	both lo	ower as f	und sellli	ng and	HEAT		2,000 US a			_
new	short p	ositions v	weakene	d both '		Letost	Previous	High/Low		-
mer	kets. Co	tree price	es advan	ced	Feb	5315	5316	5320	5266	_ :
almo	est 200 a	after botte	uo gnimo	t at	Mar	5120	5109	5120	5065	
140.	30c. In t	he soyab	eans, tec	tasind	Apr	4005	4863	4895	4635	
		hed off st			Jun Jul	4650 4400	4612	4555 4530	4480	
		aced at 7			Aug	4530	4617	4540	4530	
				s featured	Sep	4595	4582	- 4595	4580	٠
		futures.			COCC	10 tons	es;\$/tonne			
		higher m								
		spread			-	Close	Previous	High/Low		
		heat pric			Mar	1314	1327	1344 .	1309	. , .
		ial activi			May	1304	1304	1328	1200	
		g futures			Ben	1315	1320	1340	1375	
		ng. Cattle			Sep Dec Mer	1331	1830 .	1336	1323	
		ixed tradi			Mar	1348	7341	1360	1335	
		local sho			May	1376	1371	0	0	
				y tutures	COFF	EE "C" 37	,500lbs; ost	nts/lbs		
				ard trend		Close	Previous	High/Low		: (
		ack of de narket so		bt me	Mar	142.56	140.71	144.50	140.90	
1104	ing on a	HEL FOL SU	IIC.		May	138.50	136.60	140.40	137,00	. :1
					Jul	135.23	134.50	137.25	134.80	
					Sep	183.45	132.26	134.50	193:00	
No	W Y	ork			Dec	131.85 131.50	132.50	134.00 150.00	132.50	17.
-44	-	O1 IV			May	130.00	129.00	0	130,00	
GOLD	100 troy	oz.; \$/boy o				R WORLD	"11" 112.0			- '4
_	Close	Previous	High/Low						E HOR	- 1
_										
	460.7	.400.0			==	Close	Previous	High/Low		_
Jen	402.7	402.2	0	6	Mar	9.81	10.03	10.24	9.73	- ;
Feb	404.0 406.5	403.8	404.3	6 408.3	May	9.81 9.94	10.03 10.15	10.24 10.92	9.83 :	- <u>.</u>
		403.8 405.8 408.4	404.3 0 409.4	6 408.3 0 408.3	May May .ful Oct	9.81	10.03 10.15 70.01	10.24 10.32 10.15	9.83	•
Feb Mar Apr Jun	404.0 406.5 409.1 414.3	403.8 405.8 406.4 413.5	404.3 0 409.4 414.5	6 408.3 0 408.3 413.6	May Jul Oct	9.81 9.94 9.78 9.57 9.25	10.03 10.15	10.24 10.92	9.83 :	•
Feb Mar Apr Jun Aug	404.0 406.5 409.1 414.3 419.7	403.8 405.8 406.4 413.5 418.9	404.3 0 409.4 414.5 419.5	6 408.3 0 408.3 413.6 418.8	May Jan Jan Mar	9.81 9.94 9.78 9.57 9.25 9.36	10.03 10.15 10.01 9.82 9.50 9.58	10.24 10.32 10.15 9.94 0	9.88 9.71 9.48	•
Feb Mar Apr Jun Aug Oct	404.0 406.5 409.1 414.3 419.7 425.3	403.8 405.8 408.4 413.5 418.9 424.5	404.3 0 409.4 414.5 419.5 425.4	6 408.3 0 408.3 413.6 418.6 424.7	May Jul Oct	9.81 9.94 9.78 9.57 9.25	10.03 10.15 10.01 9.82 9.50	10.24 10.92 10.15 9.94	9.83 9.71 9.48	
Feb Mar Apr Jun Aug Oct Dec	404.6 406.5 409.1 414.3 419.7 425.3 430.9	403.8 405.8 408.4 413.5 418.9 424.5 430.1	404.3 0 409.4 414.5 419.5 425.4 431.5	6 408.3 0 408.3 413.6 418.8 424.7 430.0	May List Oct Jan Mar May	9.81 9.94 9.78 9.57 9.25 9.36 9.36	10.03 10.15 10.01 9.82 9.50 9.58 9.58	10.24 10.32 10.15 9.94 0	9.83 9.71 9.45 0 9.35	8
Feb ster Apr Jun Aug Oct Dec Feb	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0	403.8 405.6 408.4 413.5 418.9 424.5 430.1 403.3	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3	6 408.3 0 408.3 413.6 418.6 424.7	May List Oct Jan Mar May	9.81 9.94 9.78 9.57 9.25 9.36 9.36	10.03 10.15 10.01 9.82 9.50 9.58	10.24 10.32 10.15 9.94 0	9.83 9.71 9.45 0 9.35	8
Feb ster Apr Jun Aug Oct Dec Feb	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0	403.8 405.6 408.4 413.5 418.9 424.5 430.1 403.3	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3	6 408.3 0 408.3 413.6 418.8 424.7 430.0	May List Oct Jan Mar May	9.81 9.94 9.78 9.57 9.25 9.36 9.36	10.03 10.15 10.01 9.82 9.50 9.58 9.58	10.24 10.32 10.15 9.94 0 9.67	9.83 9.71 9.45 0 9.35	- E
Feb ster Apr Jun Aug Oct Dec Feb	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0	403.8 405.6 408.4 413.5 418.9 424.5 430.1 403.3	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3 by oz.	6 408.3 0 408.3 413.5 418.6 424.7 430.0 403.3	May Jul Oct Jun Mar May	9.81 9.94 9.78 9.57 9.25 9.36 9.36 9.36 ON 50,000 Close	10,03 10,15 10,01 9,82 9,50 9,50 9,58 9,58 9,58 Previous	10.24 10.32 10.78 9.94 0 9.67 0	9.88 9.71 9.46 0 9.35 0	- E
Feb ster Apr Jun Aug Oct Dec Feb PLATI	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0 BUBI 50 to	403.8 405.8 406.4 413.5 418.9 424.5 430.1 403.3 roy oz; \$/tro	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3 by oz. High/Low 524.0	6 408.3 0 408.3 418.6 418.8 424.7 433.0 403.3	May Jul Oct Jun Mar May	9.81 9.94 9.78 9.57 9.25 9.36 9.36	10,03 10,15 10,01 9,82 9,50 9,58 9,58 9,58 Previous 69,80	10.24 10.32 10.18 9.94 0 9.67 0 High/Love	9.88 9.71 9.46 0 9.35 0	- E
Feb ster Apr Jun Aug Oct Dec Feb PLATI	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0 Close 572.8 523.3	403.8 405.8 408.4 418.5 418.9 424.5 430.1 403.3 Toy oz; \$/tro Previous 516.7 517.0	404.3 0 409.4 419.5 419.5 425.4 431.5 404.3 by 62 High/Low 524.0	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3	May Sal	9.81 9.94 9.78 9.57 9.36 9.36 ON 50,000 Close 60,24 60,36 60,50	10,03 10,15 10,01 9,62 9,50 9,56 9,58 Cants/Ibs Previous 59,80 60,14 60,07	10.24 10.32 10.15 9.94 0 9.67 0 High/Low 90.28	9.83 9.71 9.46 0 9.35 0	- E
Feb Mar Apr Jun Aug Oct Dec Feb PLATI Jan Apr Jul	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0 BUIM 50 to Close 522.3 523.3 522.3	403.8 406.8 406.8 418.9 424.5 430.1 403.3 709 02; \$/tre Previous 516.7 517.0 016.0	404.3 0 409.4 414.5 419.5 425.4 491.5 404.3 by cz. High/Low 524.0 622.6	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3	May Sal Cott	9.81 9.94 9.78 9.57 9.25 9.36 9.36 9.36 Gloss 60.24 60.24 60.36 50.50 50.15	10,03 10,15 10,01 9,82 9,80 9,58 9,58 9,58 Previous \$1,80 60,07 \$5,80	10.24 10.32 10.18 9.94 0 9.67 0 High/Low 90.28 60.45 50.45	9.83 9.71 9.46 9.35 0 58.53 58.80 58.70	
Feb Mar Apr Jun Aug Oct Dec Feb PLATI Jan Apr Jul Oct	404.0 408.5 409.1 414.3 419.7 425.3 430.9 404.9 MUM 50 to Close 522.8 522.3 522.3	403.8 405.8 405.8 413.5 418.9 424.5 430.1 403.3 roy oc; S/tro Previous 516.7 517.0 016.0 518.0	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3 by oz. High/Low 524.0 524.0 522.5	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3 519.5 519.0 519.0 521.0	May Sul	9.81 9.94 9.78 9.25 9.25 9.36 9.36 9.36 60.36 60.36 60.36 50.15 50.88	10,03 10,15 10,01 9,82 9,50 9,55 9,55 9,55 9,55 9,55 9,55 9,55	10.24 10.32 10.15 9.94 0 9.67 0 High/Low 80.28 80.45 80.45 80.45 80.57 95.70	9.83 9.71 9.45 0 9.35 0	
Feb star Apr Jun Oct Dec Feb PLATI Jan Apr Just Oct Jan	404.0 406.5 409.1 414.3 419.7 425.3 430.9 404.0 BUIM 50 to Close 522.3 523.3 522.3	403.8 406.8 406.8 418.9 424.5 430.1 403.3 709 02; \$/tre Previous 516.7 517.0 016.0	404.3 0 409.4 414.5 419.5 425.4 491.5 404.3 by cz. High/Low 524.0 622.6	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3	May Sul	9.81 9.94 9.78 9.25 9.25 9.36 9.36 9.36 60.36 60.36 60.36 50.15 50.88	10,03 10,15 10,01 9,82 9,80 9,58 9,58 9,58 Previous \$1,80 60,07 \$5,80	10.24 10.32 10.15 9.94 0 9.67 0 High/Low 80.28 80.45 80.45 80.45 80.57 95.70	9.83 9.71 9.46 9.35 0 58.53 58.80 58.70	ER LT FAJA
Feb Mar Apr Jun Oct Dec Feb PLATI Jan Apr Jun Apr	404.0 408.6 408.6 414.3 419.7 425.7 420.9 404.0 MUM 50 to Close 522.8 523.3 522.3 522.3 625.3	403.8 406.6 408.4 413.5 418.9 424.5 430.1 403.3 roy oz: \$/tro Previous 515.7 016.0 516.0 519.0	404.3 0 409.4 414.5 419.5 425.4 431.5 404.3 by coz. High/Low 524.0 622.6 522.5 625.0 0	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3 519.5 519.0 521.0 525.0	May Sul Dec	9.81 9.94 9.75 9.57 9.26 9.36 9.36 00.36 00.36 00.35 00.35 60.36 00.36	10,03 10,15 10,01 9,82 9,50 9,55 9,55 9,55 9,55 9,55 9,55 9,55	10.24 10.32 10.75 9.94 0 9.67 0 Highflow 80.28 80.45 80.45 80.45 80.45 80.70 88.88	9.83 9.71 9.46 9.35 0 58.53 58.80 58.70	E L FAJAS
Feb Mar Apr Jun Oct Dec Feb PLATI Jan Apr Jun Apr	404.0 408.5 408.5 414.3 419.7 425.3 404.0 MUM 50 to 522.8 523.3 522.3 522.3 522.3 625.3 R 5,000 to	403.8 408.4 408.4 418.5 418.9 429.5 430.1 403.3 709 02; \$/mc Previous 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0	404.3 0 409.4 414.5 419.5 425.4 491.5 491.5 97 02 High/Low 524.0 524.0 525.5 525.0 0	6 408.3 0 408.3 418.6 418.6 424.7 430.0 403.3 519.5 519.0 521.0 525.0	May Sul	9.81 9.94 9.75 9.57 9.25 9.36 9.36 9.36 60.24 60.35 60.35 60.59 50.15 50.86 Close	10.03 10.15 10.15 9.82 9.80 9.88 9.58 1.58 Previous 58.80 10.14 60.07 70.80 58.40 16,000 the;	10.24 10.32 10.32 10.35 10.35 10.35 0.45 0.45 0.45 0.45 0.45 0.45 0.45 0.4	9.88 9.71 9.74 0 9.35 0 9.35 0 59.80 59.70 59.70	# LT FAJA80
Feb Mar Apr Jun Oct Dec Feb PLATI Jan Apr Jun Apr	404.0 408.6 408.6 414.3 419.7 425.7 420.9 404.0 MUM 50 to Close 522.8 523.3 522.3 522.3 625.3	403.8 408.4 408.4 413.5 413.5 429.5 439.1 403.3 70y oz; S/hrc 516.7 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0	404.3 0 409.4 414.5 419.5 425.4 491.5 494.3 by ca. High/Low 524.0 524.0 525.5 525.0 0	6 408.3 0 408.3 418.6 418.6 438.7 430.0 403.3 519.5 519.0 519.0 525.0 0	May Sul Oct Mar Mar May Mar	9.81 9.94 9.75 9.57 9.25 9.36 ON \$0,000 Close 60,36 60,36 50,15 50,86 GLSS Close 149,80	10.03 10.15 70.01 9.82 9.50 9.88 9.58 Previous \$9.80 00.14 00.07 15.000 sta; Previous	10.24 10.32 10.15 9.94 0 8.67 0 High/Low 90.28 50.45 60.45 55.70 58.68 cente/ibs	9.88 9.71 0 9.25 0 9.35 0 9.35 0 159.90 58.70 58.70	- TAAASOD
Feb Mar Apr Jun Aug Oct Feb PLATI Jan Apr SILVE	404.0 408.1 414.3 419.3 450.9 404.9 404.9 502.3 522.3 522.3 522.3 522.3 625.3 6 6,000 to	403.8 405.4 406.4 413.5 413.5 424.5 430.3 oy oz; \$free 403.3 oy oz; \$free 516.0 516.	404.3 00.4 414.5 418.5 425.4 491.3 by cz. High/Low 524.0 622.6 522.5 522.5 522.0 0 //roy cz.	6 408.3 0 408.3 418.6 418.6 418.4 438.7 430.0 403.3 379.5 519.0 521.0 525.0 0	May Sul	9.81 9.94 9.57 9.25 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 78.15 78.88 2E 4UCE Close 149.80 145.76	10.03 10.15 10.01 9.02 9.05 9.55 9.55 2.58 Canta/lbe Previous 59.80 60.14 60.07 58.40 16.000 tbe; Previous 151.000 tbe;	10.24 10.32 10.16 9.94 0 9.25 0 40.45 60.45 60.45 58.70 58.70 58.86 169/Low 151.00	9.88 9.71 9.46 0 9.35 0 9.35 0 9.35 0 19.03 50.70 50.70 50.70	# LT FAJA80
Feb Mar Apr Jun Apr Jun Apr SiLVE	404.9 408.1 419.7 419.7 425.3 400.9 404.9 MUM 50 to 522.8 523.3 522.3 522.3 522.3 625.5 R 6,000 to	403.5 405.4 409.4 413.5 418.9 424.5 430.1 403.3 709 oz; S/m 516.0 516.0 516.0 519.0 601.4 601.4	404.3 0 409.4 414.5 419.5 425.4 431.5 491.3 by coz. High/Low 524.0 522.5 522.5 522.0 0 b/roy 6z. High/Low 991.0 0	6 408.3 0 408.3 418.6 418.6 418.4 424.7 430.0 403.3 519.5 519.0 521.0 525.0 0	May Jun May Jun May Jul Dec Grann May Jul Jun Mar May Jul Jun	9,81 9,94 9,75 9,57 9,25 9,36 9,36 90,36 90,36 90,36 80,35 80,35 80,85 80,86 80,96 149,80 147,85 146,70 146,70	10.03 10.15 9.82 9.80 9.80 9.88 9.58 1.58 10.07 10.00 16.000 the; Previous 151.90 147.00	10.24 10.32 10.15 10.15 2.94 0 2.87 0 140.28 60.45 60.45 60.45 60.45 60.45 60.45 151.00 151.00 151.00	9.88 9.71 0 9.25 0 9.35 0 9.35 0 159.90 58.70 58.70	E L JF AJ AS OD
Feb Mar Aug Oct Feb PLATI	404.0 408.1 4408.1 4408.3 425.3 420.9 404.9 404.9 523.3 522.3 522.3 522.3 522.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3 625.3	403.8 403.8 408.4 413.5 413.5 420.5 430.1 430.1 516.7 516.7 516.0	404.3 0 404.4 414.5 425.4 491.3 490.3 9 cz. High/Low 524.0 522.5 522.5 522.5 522.5 523.0 0 0 603.0	6 408.3 0 408.3 418.6 418.6 418.6 428.7 430.0 403.3 519.5 519.0 521.0 625.0 0	May Jul Oct Jan Mar May May Jul Oct Dec Ornant Mar May Jul Sep	9.81 9.94 9.78 9.25 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.36 60.36 60.36 60.36 149.86 149.86 146.70 146.70 146.70	10.03 10.15 10.01 9.02 9.05 9.55 9.55 2.58 Canta/lbe Previous 59.80 60.14 60.07 58.40 16.000 tbe; Previous 151.000 tbe;	10.24 10.32 10.16 9.94 0 9.25 0 40.45 60.45 60.45 58.70 58.70 58.80 High/Low High/Low	9.88 9.71 9.46 0 9.35 0 9.35 0 9.35 0 19.03 50.70 50.70 50.70	SEA LA SODIU
Feb Mar Apr Jun Ang Oct Feb PLATI Jun Apr Jun Apr Jun Apr Jun Apr Mer Mer Mey	404.0 408.1 4408.1 4408.1 4408.7 425.3 400.9 MUM 50 to Close 522.8 523.3 522.8 522.3 625.3 R 5,000 to Close 544.4 596.7 601.2	403.8 405.4 406.4 413.5 413.5 424.5 430.3 70 oc. \$fee 97.0 97.0 97.0 97.0 97.0 97.0 97.0 97.0	404.3 0 409.4 414.5 419.5 425.4 491.3 y cz. High/Low 524.0 524.0 522.5 522.5 523.0 0 //roy cz. High/Low 991.0 0 603.0 603.0	6 408.3 0 408.3 418.6 418.8 424.7 430.0 403.3 319.5 519.0 521.0 6 521.0 6 587.0 608.0	May Jul Oct Jan Mar May Jul Oct Oct Mar May Jul Oct Oct Oct Mar May Jul Sep Nov	9.81 9.94 9.75 9.25 9.36 9.36 9.36 90.36 60.36 60.36 60.35 50.15 50.88 2E 4UCE Close 149.80 145.70 146.00 145.70 146.00 144.20	10.03 10.15 70.01 9.82 9.50 9.58 9.58 Previous 59.50 16.000 Re; Previous 151.90 147.00 148.70 148.70 148.70	10.24 10.32 10.15 9.94 0 9.28 00.28 00.45 50.45 50.45 169hT.ow 151.00 148.40 148.40 148.40 148.40 148.40	9.88 9.74 0 2.48 0 2.35 0 38.03 58.80 59.90 59.90 59.70 149.26 148.60 148.60 148.60 148.60 148.00 148.00 148.00	E L JF AJ AS OD
Feb Start Start Jun Aug Dec Feb PLATI Jun Apr Start Start Men	404.0 408.1 419.7 419.7 425.3 400.9 404.9 MUM 50 to Glove 522.8 523.3 522.3 522.3 522.3 625.3 625.7 601.0 601.0 601.0 601.0	403.3 405.4 409.4 418.5 418.9 424.5 430.1 403.3 707 ox; 5/m 516.0	404.3 0 409.4 414.5 419.5 425.4 491.5 494.5 494.5 97 cz High/Low 524.0 524.0 524.0 524.0 525.5 525.0 0 97 cz 13gh/Low 981.0 0 612.6 623.0	6 408.3 0 0 408.3 418.6 418.6 418.6 418.6 418.6 418.7 418.0 519.0 519.0 521.0 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	Mary Jul COTTO Mar Mary Mary Mary Mary Jul Oct Omann Mary Jul Sop Nov	9.81 9.94 9.78 9.57 9.26 9.36 9.36 9.36 90	10.03 10.15 70.01 9.82 9.50 9.85 9.85 9.85 9.85 9.86 00.14 00.07 10.00 ste; Previous 151.90 147.00 147.00 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70	10.24 10.32 10.15 9.94 0 0 16.25 00.45 00.45 00.45 00.45 151.00 148.40 1	9.88 9.71 9.46 0 9.46 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.90 58.70 58.70 148.25 148.50 148.50 148.50 144.00	SER LI FAJASODIU FAJA
Feb Mary Jun Aug Oct Dec Feb PLATI Jun Aug Oct Mary Skive Mary Mary Skive Mary Mary Mary Mary Mary Mary Mary Mary	404.0 406.5 406.1 414.3 419.7 425.3 430.9 404.0 Close 522.8 523.3 522.3 522.3 522.3 522.3 625.3 R 5,000 to Close 524.4 796.7 601.0 611.2 621.5 632.2	403.8 405.4 406.4 413.5 413.5 424.5 430.3 70 oc. \$fee 97.0 97.0 97.0 97.0 97.0 97.0 97.0 97.0	404.3 0 444.5 414.5 414.5 425.4 491.3 by cz. High/Low 524.0 524.0 522.5 522.5 520.0 0 //roy dz. 19gh/Low 991.0 612.6 632.0	6 408.3 0 408.3 418.6 418.8 424.7 430.0 403.3 319.5 519.0 521.0 6 521.0 6 587.0 608.0	Mary Jul COTTO Mar Mary Jul Oct Dec Onzant Jun	9.81 9.94 9.75 9.25 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.35 60.35 145.25 145.20 145.30 145.30 145.30 145.25	10.03 10.15 9.82 9.50 9.50 9.58 9.58 9.58 9.58 9.58 9.50 90.14 90.00 16,000 the; Previous 151.90 147.00 147.00 148.70 144.25	10.24 10.32 10.15 9.94 0 9.87 0 HighT.ow 151.00 161.00 161.00 161.00 164.00 165.00 164.00	9.88 9.71 0 9.46 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.46 0 9.35 0 9.46 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	SER IL JEANASCHILL FRAMA
Feb Mary Jun Angra Jun Ang	404.0 408.1 419.7 419.7 425.3 400.9 404.9 MUM 50 to Glove 522.8 523.3 522.3 522.3 522.3 625.3 625.7 601.0 601.0 601.0 601.0	403.8 405.4 408.4 418.5 428.5 428.5 430.1 403.3 voy ox; 5/tor 516.0 516.0 516.0 516.0 516.0 516.0 516.0 605.7 605.9 605.9 648.4 648.4	404.3 0 409.4 414.5 419.5 425.4 491.3 491.3 494.0 524.0 524.0 524.0 522.5 523.0 0 901.0 0 602.0 602.0 602.0 602.0 602.0	6 408.3 0 0 408.3 418.6 418.8 428.7 430.0 403.3 519.5 519.0 521.0 525.0 0 581.0 608.0 627.5 644.0 0 0	Mary Jul COTTO Mar Mary Mary Mary Mary Jul Oct Omann Mary Jul Sop Nov	9.81 9.94 9.78 9.57 9.26 9.36 9.36 9.36 90	10.03 10.15 70.01 9.82 9.50 9.85 9.85 9.85 9.85 9.86 00.14 00.07 10.00 ste; Previous 151.90 147.00 147.00 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70 148.70	10.24 10.32 10.15 9.94 0 9.87 0 HighT.ow 151.00 161.00 161.00 161.00 164.00 165.00 164.00	9.88 9.71 9.46 0 9.46 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.90 58.70 58.70 148.25 148.50 148.50 148.50 144.00	* In It And Asobility Parish
Feb May Apr Jun Aug Dec Feb Jan Apr Jun Aug Dec Jan Apr Jun Ap	404.0 406.5 406.1 414.3 419.7 425.3 400.9 MUM 50 to Close 522.8 522.3 522.3 522.3 522.3 522.3 625.3 R 5,000 to Close 594.4 596.7 601.0 611.2 627.5 632.2 647.5 652.8	403.8 403.8 403.4 413.5 413.5 424.5 430.3 oy oz; Shric 103.3 oy oz; Shric 103.3 oy oz; Shric 103.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 605.9 016.6 605.9 016.6 605.9 642.2 643.5	404.3 0 444.5 419.5 425.4 491.3 491.3 491.3 491.0 524.0 524.0 522.5 522.5 522.5 522.5 522.5 623.0 648.0 0	6 408.3 0 408.3 418.6 418.8 434.7 430.0 403.3 319.5 519.0 521.0 0 597.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0	Mary Jul COTTO Mar Mary Jul Oct Dec Onzant Jun	9.81 9.94 9.75 9.25 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.35 60.35 145.25 145.20 145.30 145.30 145.30 145.25	10.03 10.15 9.82 9.50 9.50 9.58 9.58 9.58 9.58 9.58 9.50 90.14 90.00 16,000 the; Previous 151.90 147.00 147.00 148.70 144.25	10.24 10.32 10.15 9.94 0 9.87 0 HighT.ow 151.00 161.00 161.00 161.00 164.00 165.00 164.00	9.88 9.71 0 9.46 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.46 0 9.35 0 9.46 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	SER LL SEASASODIUS ENABAGO
Feb Mary Jun August Mary Jun Feb Jun August Mary Jun Geb Jun Apr Silve Jun Feb Jun Herry Jul Geb Jun Herry Jul Geb Jun Herry Jul Geb Jun Mary Mary Mary Mary Mary Mary Mary Mary	404.0 406.1 410.1 410.3 410.7 425.3 400.9 MUM 50 to 522.8 523.3 522.8 522.3 522.3 625.3 6 5,000 to 54.4 596.7 601.2 671.5 682.2 671.5 682.8 687.8 687.8 687.8 687.8	403.8 405.4 406.4 413.5 413.5 424.5 430.3 70 oc. \$feet 97.6 97.0 \$16.0 \$	404.3 0 444.5 419.4 414.5 425.4 491.3 by cz. High/Low 524.0 524.0 522.5 520.0 0 0 0 612.6 623.0 632.0 648.0 0 0	6 408.3 0 0 408.3 418.6 418.8 428.7 430.0 403.3 519.5 519.0 521.0 525.0 0 581.0 608.0 627.5 644.0 0 0	May Jul Jan Mar May Jul Dec Omate Mar May Jul Jun Dec Omate Mar May Jul Jun Jun Jun Mar May Jul Jun	9.81 9.94 9.78 9.26 9.36 9.36 9.36 9.36 9.36 60.36 60.35 60.35 60.35 60.36 60.36 60.36 60.36 149.86 149.86 145.80 145.30	10.03 10.15 9.82 9.50 9.50 9.58 9.58 9.58 9.58 9.58 9.50 90.14 90.00 16,000 the; Previous 151.90 147.00 147.00 148.70 144.25	10.24 10.32 10.15 9.94 0 9.87 0 HighT.ow 151.00 161.00 161.00 161.00 164.00 165.00 164.00	9.88 9.71 0 9.46 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.35 0 9.46 0 9.35 0 9.46 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	* In It And Asobility Parish
Feb Mary Jun August Mary Jun Feb Jun August Mary Jun Geb Jun Apr Silve Jun Feb Jun Herry Jul Geb Jun Herry Jul Geb Jun Herry Jul Geb Jun Mary Mary Mary Mary Mary Mary Mary Mary	404.0 406.1 410.1 410.3 410.7 425.3 400.9 MUM 50 to 522.8 523.3 522.8 522.3 522.3 625.3 6 5,000 to 54.4 596.7 601.2 671.5 682.2 671.5 682.8 687.8 687.8 687.8 687.8	403.8 403.8 403.4 413.5 413.5 424.5 430.3 oy oz; Shric 103.3 oy oz; Shric 103.3 oy oz; Shric 103.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 516.0 605.9 016.6 605.9 016.6 605.9 642.2 643.5	404.3 0 444.5 419.4 414.5 425.4 491.3 by cz. High/Low 524.0 524.0 522.5 520.0 0 0 0 612.6 623.0 632.0 648.0 0 0	6 408.3 0 408.3 418.6 418.8 434.7 430.0 403.3 319.5 519.0 521.0 0 597.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0	May Jul Jan Mar May May Jul Dec Onzant Mar May Jul Sep Nov Nov Mar May	9.81 9.94 9.75 9.26 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.36 60.36 149.86 149.86 145.70 145.30 144.25 145.25 145.25	10.03 10.15 10.15 10.25	10.24 10.32 10.32 10.35 10.35 10.35 10.35 10.25 00.45 60.45 60.45 60.45 60.45 151.00 148.70 148.90 148.90 148.90 148.90 148.90 148.90 148.90 148.90 0	9.88 9.71 0 9.46 0 2.35 0 59.80 59.80 59.70 58.70 58.70 149.50 148.50 148.50 144.06 0	SER LIT JEANASOD III ERARIAAOORI
Feb Apr Jun Apr Jun Apr Sil.VE	404.0 406.1 410.1 410.1 410.7 425.3 400.9 404.9 522.8 522.3 522.3 522.3 522.3 522.3 522.3 625.3 R 5,000 tr 601.0 611.2 627.5 632.2 647.5 652.8 652.8 652.8 653.8 653.8 653.8 653.8 653.8 653.8 653.8 653.8 653.8 653.8	403.8 403.8 403.4 403.4 413.9 424.5 430.3 Toy oz; Shric 16.0 516.	404.3 0 444.5 419.4 414.5 425.4 491.3 Py CZ High/Low 524.0 524.0 522.5 520.0 0 0 612.6 623.0 632.0 632.0 648.0 0 0	6 408.3 0 408.3 418.6 418.8 434.7 430.0 403.3 319.5 519.0 521.0 0 597.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0	May Jul Jan Mar May May Jul Dec Onzant Mar May Jul Sep Nov Nov Mar May	9.81 9.94 9.75 9.26 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.36 60.36 149.86 149.86 145.70 145.30 144.25 145.25 145.25	10.03 10.15 10.15 10.25	10.24 10.32 10.32 10.35 10.35 10.35 10.35 10.25 00.45 60.45 60.45 60.45 60.45 151.00 148.70 148.90 148.90 148.90 148.90 148.90 148.90 148.90 148.90 0	9.88 9.71 0 9.46 0 2.35 0 59.80 59.80 59.70 58.70 58.70 149.50 148.50 148.50 144.06 0	SER LI FASASODIU FASASOO
Feb Apr Jun Apr Jun Apr Sil.VE	404.0 406.1 410.1 410.3 410.7 425.3 400.9 MUM 50 to 522.8 523.3 522.8 522.3 522.3 625.3 6 5,000 to 54.4 596.7 601.2 671.5 682.2 671.5 682.8 687.8 687.8 687.8 687.8	403.8 405.4 406.4 413.5 413.5 424.5 430.3 70 oc. \$feet 97.6 97.0 \$16.0 \$	404.3 0 444.5 419.4 414.5 425.4 491.3 by cz. High/Low 524.0 524.0 522.5 520.0 0 0 0 612.6 623.0 632.0 648.0 0 0	6 408.3 0 408.3 418.6 418.8 434.7 430.0 403.3 319.5 519.0 521.0 0 597.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0 518.0 608.0	May Jul Jan Mar May May Jul Dec Onzant Mar May Jul Sep Nov Nov Mar May	9.81 9.94 9.75 9.26 9.36 9.36 9.36 9.36 9.36 60.35 60.35 60.35 60.35 60.36 60.36 149.86 149.86 145.70 145.30 144.25 145.25 145.25	10.03 10.15 9.82 9.50 9.50 9.58 9.58 9.58 9.58 9.58 9.50 90.14 90.00 16,000 the; Previous 151.90 147.00 147.00 148.70 144.25	10.24 10.32 10.32 10.35 10.35 10.35 10.35 10.25 00.45 60.45 60.45 60.45 60.45 151.00 148.70 148.90 148.90 148.90 148.90 148.90 148.90 148.90 148.90 0	9.88 9.71 9.46 0 9.46 0 9.35 0 59.90 59.70 59.70 149.26 146.00 145.25 145.00 144.00 0	SER LIT JEANASOD III ERARIAAOORI

1991.0 1974.0 1905.3 1731.1 DOW JONES (Base: Dec. 31 1974 = 100) X 139.77 140.46 137.62 Dress 143.96 144.17 140.67

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501	ABEANS	.000 bu mi	ne comme/GURb	
	Close	Previou	n HighT.o	No.
-Jan Mar	761/8	766/0	775/0	755
May	781/0	785/2 796/4	785/4	
Jul	. 787/B	791/4	804/D	703
Aug		753/6	795/0	777/
Nov	722/4	723/4	730/0	718
Jan	752/0	731/0	740/0	730/
SOY			C. COUNTAIND	4 4
	Citoda	Previou		
Mar	21,74	21.30 21.51	21.63	21.1
May	22.27	22.14	22,51	. 22.0
Jul Aug	22.77	22.03 22.80	23.00	22.5
Sep	23.10	22.96	23.36	22.9
Oct Dec	23.07 23.20	23.02	23.16 23.60	23.0 23.1
	ABEAN NO		23.50	
	- Close	Previou		
Jan	250.0	254.0	250.0	248
Mar	248.7	254.7	255.5	247,
May	248.5 243.0	252,4 243,6	253.5	245
Aug Sep	238.7 - 231.5	243.5	245.0	235.0
Oct	224.0	225.9	237.8	222.0
Dec	218.7	219.0	223.0	218.0
		mint bents		
Mar	Close.	Previou		
Mar	267/B	278/2	272/0	2044 2724
Jul.	278/6	288/4	283/4.	2764
Sep Dec	26676 267/2	275/2	273/4	, 268/4 266/4
Mar	2740	276/0	2764	273/
	AT 5,000 N	I mini care	/60lb-bushe	Territoria de la constantina della constantina d
	Close	Previous		
Mar May	426/6	430/6	437/0	430/4
	426/4	421/4 398/6	428/0 399/8	· 423/4
Jul	403/8	400/0	4040	400/4
Jul Sep		409/4	413/0	410/2
Jul Sep Dec	412/4			4140
Jul Sep Dec Mar	412/4 415/0	413/0	417/0	· _ : - :
Jul Sep Dec Mar	412/4 415/0 CATTLE 40	413/0 000 lbs; co	417/0 M6/106	
Sep Dec Mar	412/4 415/0 CATTLE 40	413/0 L000 lbs; co Previous	417/0 merios High/Low	
Jul Sep Dec Mar Liviz (412/4 415/0 CASTRE 40 Close 74.36 75.80	413/0 L000 lite; co Previous 74.15	417/0 High/Low 74.60	74.02
Jul Sep Dec Mar LIVE (412/4 415/0 CATTLE 40 Close - 74.36 75.80 74.32	41347 41347 Previous 74.15 75.50 74.20	417/0 High/Low 74,60 75,97 74,86	74.02 76.30 78.67
Juli Sep Dec Mar LIVE LIVE Feb	412/4 415/0 CRITILE 40 Close 74.36 75.80 74.32 72.22	41347 000 lbs; co Previous 74.15 75.60 74.20 72.18	417/0 High/Low 74.60 75.97 74.86 72.57	76,30 74,67 72,00
Jul Sep Dec Mar LIVE (Apr list Liug Sep Det	412/4 415/0 Close - 74.35 75.80 74.32 72.22 71.80 71.52	41347 41347 74.15 75.50 74.20 74.20 72.15 71.80 71.17	417/0 High/Low 74,60 75,97 74,65 72,57	75,30 78,67 72,00 0
Jul Sep Dec Mar LIVE (Apr Junt Aug Sep Oct Dec	412/4 415/0 Close 74.35 75.80 74.32 72.22 71.80 71.52 72.25	41347 41347 Previous 74.15 75.50 74.20 72.16. 71.17 72.26	417/0 High/Low 74.60 76.97 74.86 72.67 0 71.85 72.60	76,30 74,67 72,00
Jul Sep Dec Mar LIVE (Apr Junt Aug Sep Oct Dec	412/4 415/0 CATTLE 40 Close 74.36 75.80 74.32 72.22 71.80 71.52 72.25	41547 41547 74.15 75.50 74.20 72.16 71.60 71.17 72.26 10 lb; cente	417/0 High/Low 74.60 76.97 74.86 72.67 0 71.85 72.60	75,30 78,67 72,00 0 71,15
Jul Sep Dec Mar Feb Apr Aug Sep Oct Dec LIVE 1	412/4 415/0 Chose - 74.36 75.80 74.32 72.22 71.80 71.32 72.25 HOGS 30.0	41547 41547 74.15 75.50 74.20 72.15 71.60 71.17 72.25 10 lb; cente Previous	417/0 High/Low 74,00 75,97 74,95 72,97 0 71,85 72,90 //be	76,30 78,67 72,00 0 71,18 72,20
Jul Sep Dec Mar Live Geb Apr	412/4 415/0 CATTLE 40 Close 74.35 75.80 74.32 72.22 71.82 72.25 HOGE 30.01 44.62	415/0 Previous 74.15 75.50 74.20 72.16 71.17 72.25 30 lb; certle Previous	417/G High/Low 74,50 75,97 74,86 72,57 0 71,85 72,60 //his High/Low 45,15	76,30 78,67 72,00 0 71,18 72,90
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LONDON STOCK EXCHANGE

Equities await US trade statistics

UK STOCK markets turned cautious yesterday as the dollar softened while attention moved across the Atlantic moved across the Atlantic ahead of the announcement today of the November trade figures from the US.

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The London market by the modest easing in domes-tic retail sales disclosed in the previous session, but accepted that UK base rates are unlikely to fall from their present 13 per cent levels until the effects of the UK Government's high interest rate policies on domes-WI SOUTH TO tic consumer spending become more certain.

Equity trading was healthy, however, with several of the

Accoun	nt Deeling	Dates
Tirut Destings: Dec 25	Jen 18	Jan 30
Option Declaration 12	lone: Jen 25	Feb 9
Last Doublege: Jan 18	Jan 27	Feb 10
Anteunt Day: Jeri 23	Feb 6	Feb 20
"Now time deal 2.00 per two by		place from artier

bine chips benefiting from US and domestic support. London successfully resisted a dull opening on Wall Street, closing with only minor losses overall. The FT-SE Index, in negative territory throughout the day, closed 4.1 down at 1867.7, still within belling distance of the within halling distance of the 1879.3 close of June 22 last

year, which represented the best closing level since the market crashed in October 1987. (The June 23 session saw an intra-day high of 1892.2).

The sluggishness of the share market contracted with share market contrasted with another firm performance from the FT-SE index futures con-tract, which held a 30 point premium for much of the day.
This contract, often viewed as
an indicator of confidence in
the underlying share market,
maintained a healthy premium
throughout last week when

equities were moving strongly ahead. Seaq volume of 424.2m shares, against Monday's 504.4m, disclosed the sturdy base of the market by post-Crash standards. Stakebuilding and speculative activity, also often considered an indication of underlying optimism, con-tinued to provided many fea-

FAI the investment vehicle of the late Mr Larry Adler, increased its stake in Pearl Assurance. The market was disappointed, however, that a revised conditional bid for Hammerson Property from Radamco of Holland depends on guaranteed support in advance from Hammerson shareholders.

The market's principal bid arena, the electronics sector, where GEC and Siemens are

hidding for Plessey while GEC itself is preparing to fend off boarders, remained tense but calm following suggestions that any offer for GEC from the embryo Metsun consortium may take time to ass

Trading is likely to be dominated today by the response to the US trade statistics. Despite its steady close last night, London was nervous ahead of the US November trade data, which is not expected to show any recovery from the \$10.35n deficit of the previous month. The strength of the US dollar has been a significant supporting factor behind the recent recovery in the UK securities markets.

TRADING VOLUME IN MAJOR STOCKS

Ordinary Share Index, Hourly o

●Opening ● 19 a.m. ● 11 a.m. ● 12 p.m. 1522.2 1523.4 1523.8 1523.5

DAY'S LOW 1521.0

Ord. Di. Yield Earning Yid %(fulf) P/E Ratio(Net)(*) SEAQ Bergains(Spm) Equity Turnover(Im)f Equity Pargainst Shares Traded (mi)f

DAY'S HIGH 1524,5

87.54

FINANCIAL TIMES STOCK INDICES High Low 98.67 94.14 105.4 50.53 (25/5/58) (8/1/88) (28/11/47) (3/1/75) 1511.9 1525.1 1349.0 1926.2 49.4 (16/1/80) (8/2/88) (16/7/87) (28/6/40) 4.81 12.10 e.90 34,623 1570.33 37,737 727.8 . S.E. ACTIVITY 12.16 9.94 28,073 1831.66 31,647 745.9 119.6 Gilt Edged Bargains 214.5 244.5 3174.1 99.2 210.0 Gift Edged Bargel Equity Bargains Equity Value 210.3

Baals 100 Govt. Secs 15/10/26, Fixed Int. 1926, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, 17NH 9.92 1Excluding Int

M. Eur Grand Rodamco - Children hedges new offer

The latest twist in the Hammerson/Rodamco saga provided the market with a M. Gards rare sight - the shares of the bid target falling in response to the promise of a cash offer well above the market value of the stock, Rodamco's offer of 210.17 for the ordinary and £9.70 for the "A" shares - conditional upon full shareholder accepupon tance and further information tance and further information from Hammerson on the valuation of a Canadian property – saw both the ordinary and "A" shares fall sharply, to a close of 948p (down 18) and 883p of 948p (nown as) respectively.

The offer, which Rodamco released with the rider that it reserved the right to waive the conditions on the new bid, and the right to maka a higher offer, left the market confused. Analysts were asking why
Rodamco made an offer that most Hammerson shareholders

particularly Standard Life with its 28.8 per cent — were likely to refuse, and why did it impose conditions that it might withdraw at a later date? The immediate response from Hammerson was to refuse Rodamco's request for informa-tion on its Canadian valuation.

The answers may he pro-

vided on Thursday when Rodamco makes its next announcement. One analyst said that the latest offer was probably just a sighting shot. There was no suggestion that today's bid was Rodamco's final offer, so it appears they are trying to sound out the market and see what level of acceptances it gets, before ... Nomura Research labels launching a higher bid at the Pearlins flower valued on all end of the week."

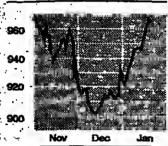
Amstrad "sell"

Two "sell" recommendations from leading securities houses, upset Amstrad shares which dipped 5½ more to 157½p on turnover of 2.6m shares.
Paul Norris at BZW believes

Amstrad "are set to underperthe service form over the next two months, in view of recent to downgradings of forecasts for satellite dish sales and an uncertain outlook for UK consumer electronics. He says that Sky, the new satellite TV station scheduled for launching on February 5, recently lowered its own expectations Saatchi and Saatchi is even for satellite dish sales and that less optimistic. Norris has low-ered his profit forecast from E 2-1 £170m pre-tax to £165m for this $^{A+1}\partial_{t}^{2}-\partial_{t}^{2}-\partial_{t}^{2}\partial_{t}^{2}$

year and to £215m for next Patrick Wellington at

FT-A All-Share Index



County NatWest also says the ebares ehould be cold. Amstrad, he says, is currently growth since 1983-84 and the "phenomenal" growth of 1982-87 will "never be reproduced". The rating will suffer from "slowing growth, above average risk, low asset backing and over-reliance on the chairman, Mr Alan Sugar". County expects Amstrad sharas to return to their historic 40 per cent discount to the market implying a fall to the 135p/140n

FAI insures

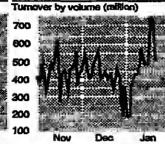
Pearl Assurance moved against the overall trend in insurances following an announcement from FAL, the Australian insurance group, that it had increased the shareholding in the UK life company to 13 per cent.

The FAI shareholding had previously been revealed as 11.02 per cent and Pearl shares yesterday moved up 4 to 422p on suggestions that a full bid might be made, although dealers were sceptical. "FAI could well increase its holding to 14.9 per cent but I would think this would be purely as an investment - a full bid is most unlikely," said one.

fundamental criteria" but adds of FAI's stake could cause fourries in the share price".

Non, say French A flurry of activity in Pilk-ington traded options quickly influenced the underlying share price, causing a sharp upewing which inspired

Equity Shares Traded



renewed speculation that a takeover could be imminent. The latest name in the frame was, unusually, not BTE, the UK conglomerate, but France's Saint Gobain. However, after the London market closed, the French group comprehensively denied any bid plans. According to London trad-

ers, Saint Gobain, which revealed extremely good results yesterday, had acquired BTR's stake of 4 per cent as a springboard to attack Pilking-ton. BTR responded with the usual "no comment," and analysts doubted such a move because of regulatory prob-

Later, Saint Gobain formally denied having bought the stake, owning any shares in the UK glass manufacturer and any intention of making an offer. But the news did not reachLondon until after market hours leaving Pilkington shares showing a net rise of 5

The oil majors could make little headway against a mar-ket upset by the early decline on Wall Street. Even another good showing by crude oil prices, where Brent for February delivery moved up confi-dently to top the \$17 a barrel level, falled to trigger any notable support.

RP old eased 2½ to 257p on

Pearlies fover-valued on all turnover of 5.6m and the new 2 to 154%p on turnover 4.4m. cheaper at 852p. BZW, the secu-rities house is currently recom-mending a "switch" out of Shell into BP, because the recent strength of Shell "has opened the widest yield differential, just under one percentage point point, for almost two

BZW says Shell has moved

Jerry Holles (E.G.,
AMERICANS (T) Hambro Inc., CARADIANS
(1) Royal Bt. Can., RAMINS (1) Sank Soot.
9 to bried. Pt., BREWERS (1)
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(2) Loyde
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(Eve., Rush & Tompitine, STORIES (3) Loyde
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Senderson Electr., ENGRECHMIC (1)
Johnson & Fritz, POODS (2) Kelt. Sarve,
Low (Wra.), Meet Trade Sup., BIDUSTRIALS
(7) AAF Inve., Astra, Entiret, Hurdingdon
Inft., Jarvice Holg., Jentime Streegic, Tame,
BERIRIANCE (1) Amerin, Inft., Grp., LEBUTE
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Comma., Fairfine Books, Grampian TV 'A.,
Meere Radio, Polity, Radio RV, Radio City
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NEW HIGHS AND LOWS FOR 1988/89 6. Col., Gover Oriental, Martin Currie Pec. Writz., Nurray Ventures, Overressa lov. Tat. Writz., Pacific Asset Writz., RT Capital 2-Ig pp Cv. 2000. Smarter Cos. Int. Tat., Ventage Sez., Vilting Pes., Olizi (1) Total-Ge., Oversella TRADERS (1) Since Darby, PLANTATIONS (1) Associated Fernors. THEND MARKET (1) Associated Fernors.

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ahead on expectation that Royal Dutch will strengthen as the shares are split today. And BP, according to BZW, have been restrained by cantion over possible shareholder opposition to the KIO shares buy-oack deal which will be voted

on January 31.

A busy insurance sector showed Sun Life up sharply at the outset, touching 990p at one point, excited by talk that French group UAP had been back into the market to top up its stake, which was last aled as 18.2 per cent. But the shares subsequently came back to end a net 10 better at 978p despite generally well received new business figures. Profit-taking saw Bass lose 13 to 856p on turnover just short of a lm shares.

BPB remained under pressure, closing a further 4 off at 232p, with the market convinced that the company was about to lower its plasterboard prices and that a price war with the Knauf group is about to break out. George Wimpey dipped 7 to 289p.

Among easier retail stocks

Storehouse went against the trend, climbing 2 to 1950 on turnover of nearly 4m shares; the news Mr Asher Edelman, the US arbtitrageur with 5.6 per cent of Storehouse, has asked again for a meeting with the company came in too late for the market to react. Ratners was another to buck the market, adding 5 at 1840 on bullish press comment.

Mail order group Empire Stores pleased the market with a 54 per cent rise in annual profits to £3.14m, and the shares gained 4 before dropping back on selling pressure. Profit-taking saw Woolworth fall 5 to 260p after some of Monday's gains were wiped out early on.

Activity in the electronics sector was at its lowest level since well before the emer-gence of the Plessey bid. "It ing in the relevent stocks has now been done - we will just have to wait and see what transpires", one dealer noted. GEC, with turnover down to 1.im. were a fraction off at 212p, while Plessey hardened to 229p on turnover of 1.7m. But Apricot Computer were

a major casualty, slumping 13 to 83p after the resignation for personal reasons" - of Mr Christopher Loynes, finance director. Engineering stocks pursued

an irregular trend, illustrated by Hawker Siddeley which shed some of the recent gains to close 6 down at 563p and Glynwed, up 6 further at 282p as takeover speculation continued. Rolls-Royce, 143%p, and IMI, 195p, were other losers while VSKL, the previous ses-sion's outstanding performer, came back 15 to 440p. Hampson Industries improved behind charply

higher interim profits and the chairman's forecast that the second half will be significantly better than the first half" to close 2 np at 81p. Arthur Lee rose 6 to 161p but Brooke Tool eased to 35p after announcing slightly lower annual results.

Food retailers were a lively market on the back of contin-ued speculative froth surround-ing Gateway. There were two stories in the market. First, that A B Foods had sold its stake to a hostile stakebuilder from Europe or Australia, and second that a management buy-out was in the offing. The fact that the company was seeking permisssion at an egm to for the option to buy in 10 per cent of its stock added to the interest. Gateway closed 71/2 better at 1751/2p on turnover of 11m shares

Among manufacturers Ranks Hovis McDongall gained 5 at 378p on continued talk that Goodman Fielder may launch a bid with a counterparty. Hillsdown closed 4 firmer at 250p on a press story that it is planning to sell its North American subsidiaries. while Bassett Foods climbed 7 to 450p on hopes that a white knight will intervene in its battie with Swedish bidder Procor-

Several good features emerged from the smaller miscellaneous industrial issues. Reed Executive posted a rise of 12 to 125p, Security Archives bounded 9 to 162p, Arthur Wood 12 to 162p and John Tams 11 to 122p. Still reflecting the profits warning, Plumb remained nervous and lost 8 more to 194p.

Of the larger manufacturing groups, MB became popular

The following is based on trading volume for Alpha securities dealt, through the SEAQ system yesterday until 5 pm 1,500 100 742 3241 1550 548 779 548

late in the session and ended 7% higher at 276%p. Central Motor Auctions.

which came to the Unlisted Securities Market last year, ran into offerings - possibly inspired by a sell circular, said a marketmaker - and closed 7 down at 94p. Perry Group, on the other hand, advanced 6 to 202p, helped by stock short-

Clarke Hooper received the accolade of principal USM recommendation of the month from Ms Penny Freer, who researches smaller companies for County NetWest WoodMac. Ms Freer believes the sales promotion concern is poised for significant growth in an industry which is growing rapidly and appears well able to withstand the expected recession. "Its cautious expansion is

heginning to pay dividends", she says, adding that investors should take advantage of cur-rent market conditions to pick up stock. The shares edged forward to close at 183p. BAT Industries shrugged

aside the currency factor, gain-

ing 4 to 469p, as investors scanned Warburg Securities' recent review of the tobacco industry. Analyst Mr Mark Duffy admits that short-term performance could be limited hy the uncertainty about Proposition 103 (an enforced reduc-tion in Californian insurance premium rates), but for the medium term thinks the R.IR Nabisco break-up is a major plus in ending the popular assumption that BAT is bid proof.

Dealings in traded options ran far above the immediate

post-Crash average, but below the recent average, on a total of 33,975 contracts, consisting of 22,717 calls and 11,258 puts. Business was yet again dominated by activity in the FT-SE 100 index contract, which reached a total of 8,939 contracts, lying in 3,538 calls and 5,401 puts, as there was particularly strong opening of interest in the February 1850, March 1800 and April 1850 puts. The overall put interest in the index rose, on the early count, by 2,466 contracts to 46,094, and that on the call side by 1,271 to 48,363.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

FT LAW REPORTS

Short-term members entitled to shares

ABBRY NATIONAL BUILD-ING SOCIETY V BUILDING SOCIETIES COMMISSION Chancery Division: Sir Nicolas Browne-Wilkinson, Vice-Chan-cellor: January 9 1989

ON TRANSFER of a building society's business to a commercial company, members' rights to free and new shares are lawful though not restricted to two-year mem-bers, if conferred without priority over other subscribe And there is no priority over others if the classes entitled to new and free shares are the same or, in the case of under-writers, if there is only an obligation, not a competing right, to take up shares.

Also, qualification for enti-tiement to cash distribution includes membership on the day the business vests in the new company. Sir Nicolas Browne-Wilkin-

son V-C so held when making declarations as to the legality of proposed terms of an agree-ment to transfer the business of the plaintiff, the Abbey National Building Society, to a successor company. The legality of the terms was questioned by the defendant, the Building Societies Commission. Section 100 of the Building

"(2)The terms of a transfer of a society's business must a distribution of funds . . . on every qualifying member . . . on every qualifying member is a qualifying member if he held shares in the society on the qualifying day and was not eligible to vote on the requisite transfer resolution.

"(8) Where, in connection with any transfer, rights are to he conferred on members of the society to acquire shares in priority to other subscribers, the right shall be restricted to those of its members who held shares in the society throughout the period of two years which expired with the qualifying day; and it is unlawful for any right in relation to shares to be conferred in contraven-tion of this subsection".

that the Abbey National had announced its intention of converting into a commercial company. The statutory procedure for conversion was laid down in sections 97 to 102 of the Building Societies Act 1988. The process consisted of the building society transferring its business to a successor company, which could be an existing company or, as in the

tion of the successor, the send-ing of a transfer statement to society members; the making of a conditional transfer agree ment between society and successor; the passing of two transfer resolutions - the borrowing members' resolution and the requisite shareholders resolution: confirmation of the transfer by the Building Societ-

If those steps were successfully concluded, the society's rights and liabilities were transferred to the successor on the vesting day and the society was dissolved. Although final terms had not yet been settled, differences had arisen between the society and the commission as to the legality, under section 100 of the act, of three propos-als which the society wished to include in the transfer agree-

(a) Free shares. It was proposed that the society would subscribe in cash for a block of shares in the successor company. Each investing member who was a member on the qualifying day and qualified to vote on the requisite share-holders' resolution, and each borrowing member entitled to vote on the borrowing members' resolution, would receive free an allocation of those fully paid up shares. Each member, whether investing or borrowing, would receive the same

number of shares.
(b) Underwriting. It was proposed that the successor company would issue new shares for cash. The right to subscribe for those shares was to be given to all society members eligible to vote on the share-holders' and borrowing mem-bers' resolutions. None of the shares was to be available to the public. The society proposed to underwrite the issue. Its primary proposal was that underwriters and sub-under-writers would agree to subscribe for any new shares not taken up, if required to do so by the successor company.

(c) Cash distribution. Under

section 100(2)(b) and (4) of the act, society members who (a) held shares on the qualifying day specified in the transfer agreement but (b) were not eli-gible to vote on the requisite transfer resolution, must be given the right to a cash distribution. The commission took the view that cash distributions must be limited to those who not only satisfied (a) and (b), but were also members of

the society on the vesting day. Section 100(8) raised ques-tions relating to the free shares and underwriting. It provided that where rights were to be conferred on members to acquire shares "in priority to other subscribers", the right was restricted to members who

tion the society submitted that its proposals did not infringe subsection(8) in that the right to subscribe was not "in priority to" any rights of other subscribers, since the underwriters enjoyed no rights, only an

the proposal gave both members and underwriters a right unlawful within subsection(8). The society's argument was preferred. In no sense were the underwriters competing with

the members. On the contrary they were hoping the issue that the other subscribers would have been been compet-

ing to take shares. Underwriters were not competitors. The proposed right for members who were not two-year mem-bers to subscribe for shares was therefore not unlawful, notwithstanding the nuderwriting provisions.

With regard to the right to

"other subscribers

The society said it was the society itself, not the members, which was the subscriber for the shares, and that for (8) to bite the members must have the right to subscribe. The right to free shares was not in priority to the right to subscribe for new shares, since there were two separate share issues. Subsection(8) must be intended to cover any arrange-ment whereby (1) there was a subscription of shares in the successor company; and (2) the subscriber was bound to vest those shares free of charge in

the members.

The question was whether that right of the members to

Unless the class of members entitled to free shares was the same as the class entitled to subscribe for new shares, the proposal would be uplawful under subsection (8). The right to the free shares would be conferred on the members entitled to the free shares to the exclusion of those entitled to subscribe for new shares.

free shares and to subscribe for the new shares, no "priority right" was conferred on the class entitled to the free shares, and there could be no

Subsection(4) was not a com-prehensive definition containing all the qualifying requirements. It was a statement of the additional qualifications which a member needed to be entitled to a cash distribution. The sequence of tenses in subsection(4) was Illuminating. It said that a member qualifying member if he "held" shares in the society on the qualifying day, and "was not" eligible to vote on the transfer resolution. The subsection was therefore looking at somebody who at a particular time was a member, and who had had cer-tain qualifications in the past. Accordingly, the question whether someone was a member must be answered as at a

was thet the relevant date for tablishing membership was the vesting day, and thet to be entitled to a cash distribution under subsection(2)(b) a person must be a member of the society on the vesting day in addition to holding the qualifications specifically referred to in subsection(4).

It was implicit in subsection(4) thet the person entitled to take a cash distribution must have been a member on the qualifying day and have remained a member thereafter until the vesting day.

For the Society: Richard Sykes QC, Timothy Lloyd QC and Malcolm Waters (Slaughter and May)
For the Commission: John

Mummery and Michael Todd (Treasury solicitor)

> Rachel Davies Barrister

APPOINTMENTS

Changes at British Linen Bank

Mr Eric F. Sunderson, head of corporate finance and a tor at THE BRITISH LINKN BANK, is to become its chief executive in success to Mr Ian F. Brown on March

On the same date Mr Sandy Nicol, who is in charge of British Linen Bank's leasing and property activities and a director of the bank, will become deputy chief executive.
Mr Nicol will retain his current resnonsibilities.

Mr Brown, who has been chief executive of British Linen Bank for the last 10 years, retires from his executive role at the beginning of March, but will continue as a non-executive director.

Mr Peter F.J. ekendam and Mr Jeremy D. Stephen have been cointed associate directors of Lloyd'e brokers BRADSTOCK BLUNT AND THOMPSON, a Bradstock Group subsidiary.

= Mr A.M.C. Underwood, embject to Lloyd's approval, has been appointed as the active ubderwriter of NON-MARINE SYNDICATE
No. 529 following the departure of Mr E.P. Cowen.

Mr Alistair Bond, Mr Barry Worth and Mr Stuart Rose



Mr Malcolm Bennett has been appointed the director responappointed the currental property development activities of

WIMPEY CONSTRUCTION UK. have joined the board of CERT SERVICES GROUP. They were with Hays Interbond.

appointed a director of MARSTON PALMER and will lead the serospace components division. Mr B.J. Pearce, a director, will be respon for the aerospace heat transfer

Mr Paul Mulholland has been promoted to regional director of engineering of BRITISH GAS NORTHERN. Mr Russell Herbert is to take a similar post with the East Midlands region.

LYNX EXPRESS DELIVERY NETWORK, a member of the NFC Group, has appointed Mr

Alan Soper as its managing director. He succeeds Mr Graham Roberts who becomes managing director of NFC's transport division. Wir Philippe Strash has joined LOMBARD ODIER PORTFOLIO MANAGEMENT

Tony Robinson, assistant director, global fund management, has also joined the board. ■ SUN ALLIANCE INSURANCE GROUP has made the following appointments in its City and international business: Mr Chris Hales,

as director of marketing. Mr

formerly commercial insurances manager based in Reading, now leads the City tranch. He succeeds Mr Derek James who moves to Sun Alliance International as

■ At BRIXTON ESTATE Mr ter Pearce has become managing director of Brixton
Estate Project Management
and Mr Gordon McConnell and
Mr Michael Spurr have been made directors of Brixton Estate Management

Mr D.J. Anderson has been appointed a director of NICHOLSON CHAMBERLAIN AND COLLS (FINANCIAL INSTITUTIONS), a member of Nicholson Chamberlain and Colls Lloyd's insurance broking group.

■ Mr Hugh R. Sykes has joined the board of NEEPSEND as a non-executive director and will become chairman on

the retirement of Mr Stanley L. Speight. Mr Sykes was Chairman of Thermal Scientific.

m Mr Peter Glenister has been appointed group managing director of WALKER AVIATION, a subsidiary of C.W. Walker & Sons. Mr Martin Clough has been appointed managing director of Jersey European Airways, and Mr Simon Newton Chance becomes managing director of JEA Engineering.

MONK AND COTTON has appointed Mr Alec Corah as managing director of S.A. Monk, Mr Barry Strong is promoted to managing director of William Cotton. Mr Robert Challenger has been promoted to commercial manager and director designate of S.A.

One of the founders of TIRFOR, Mr Gilbert Simm. has stepped down as joint managing director to become deputy chairman. Mr Barry Organ continues as joint managing director with Mr Mike Sanderson, sales and marketing director, replacing Mr Simm.

CONTROL SECURITIES has appointed Mr K.D. Stuart Ross as managing director of The Bellhaven Brewery Company.

appointed a non-executive director of QUANTITECH. More APPOINTMENTS on page 30

Mr Ian Menzies has been

present case, a company formed for the purpose. In the case of transfer to a specially formed successor there were five steps: forma-

ies' Commission.

Societies Act 1986 provides:

transfer resolution . . .

THE VICE-CHANCELLOR said

held shares for two years expiring with the qualifying day. On the underwriting ques-

obligation to take up shares. The commission said that to subscribe for the same shares, and it was therefore

would be fully taken up.

The words "in priority to other subscribers" connoted

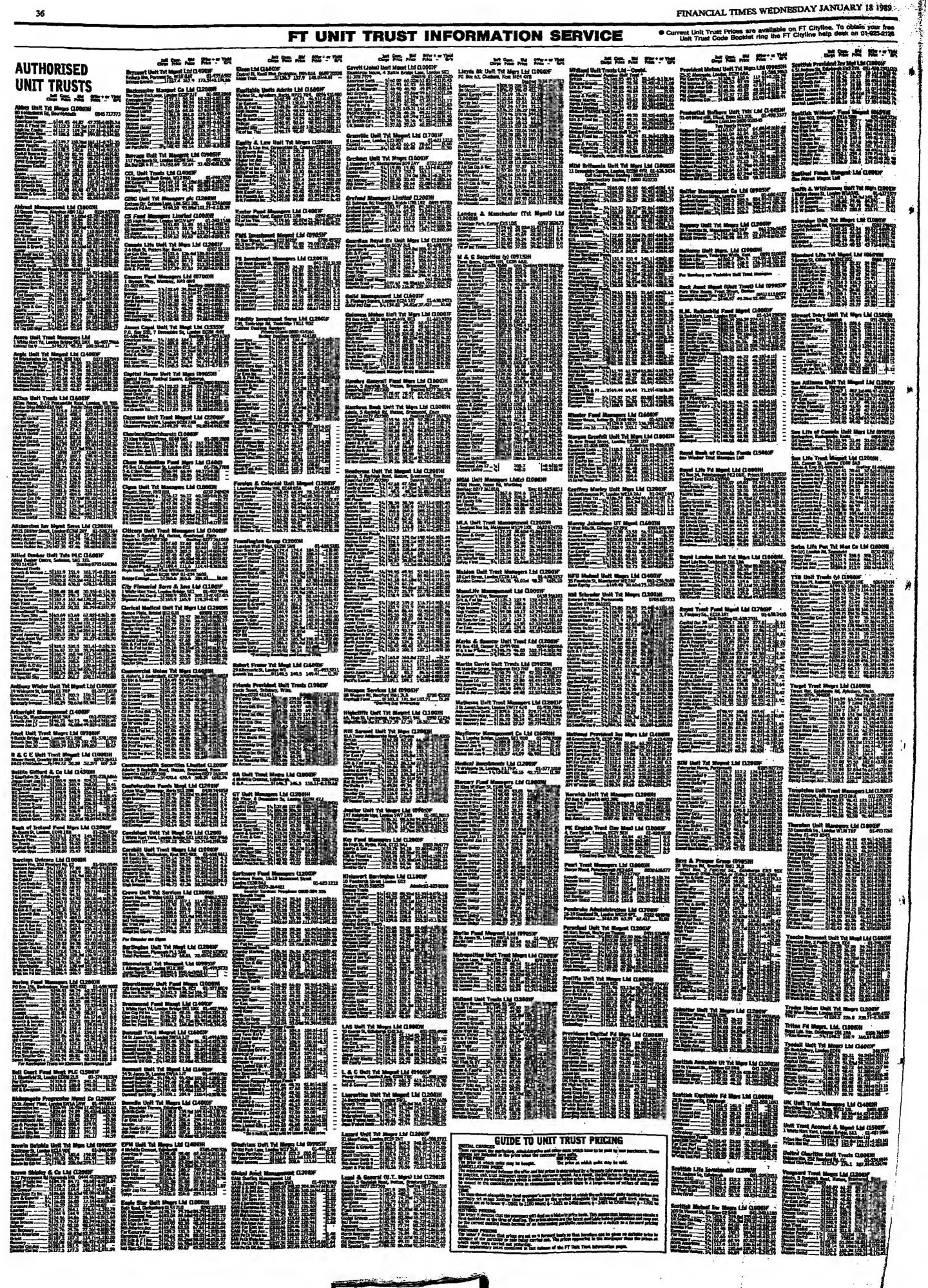
free shares not limited to two-year members, the commission enbmitted that the proposal was unlawful under snbsection(3) in that members' rights to free shares were to be granted in priority to the rights to subscribe conferred

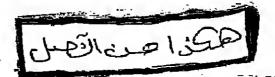
acquire free shares by indirect subscription was a right to acquire "in priority to other subscribers." The words "in priority to" connoted a preference given to members to acquire any shares.

If, on the other hand, the same class was entitled to the

infringement of subsection(8) With regard to cash distributions under subsection(2) the commission said that they must be limited to those who not only satisfied subsection(4) requirements, but who were members on the vesting day.

time subsequent to the qualifying day and the date of the transfer resolutions. The inescapable conclusion

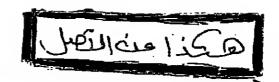




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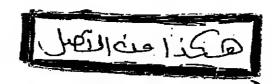
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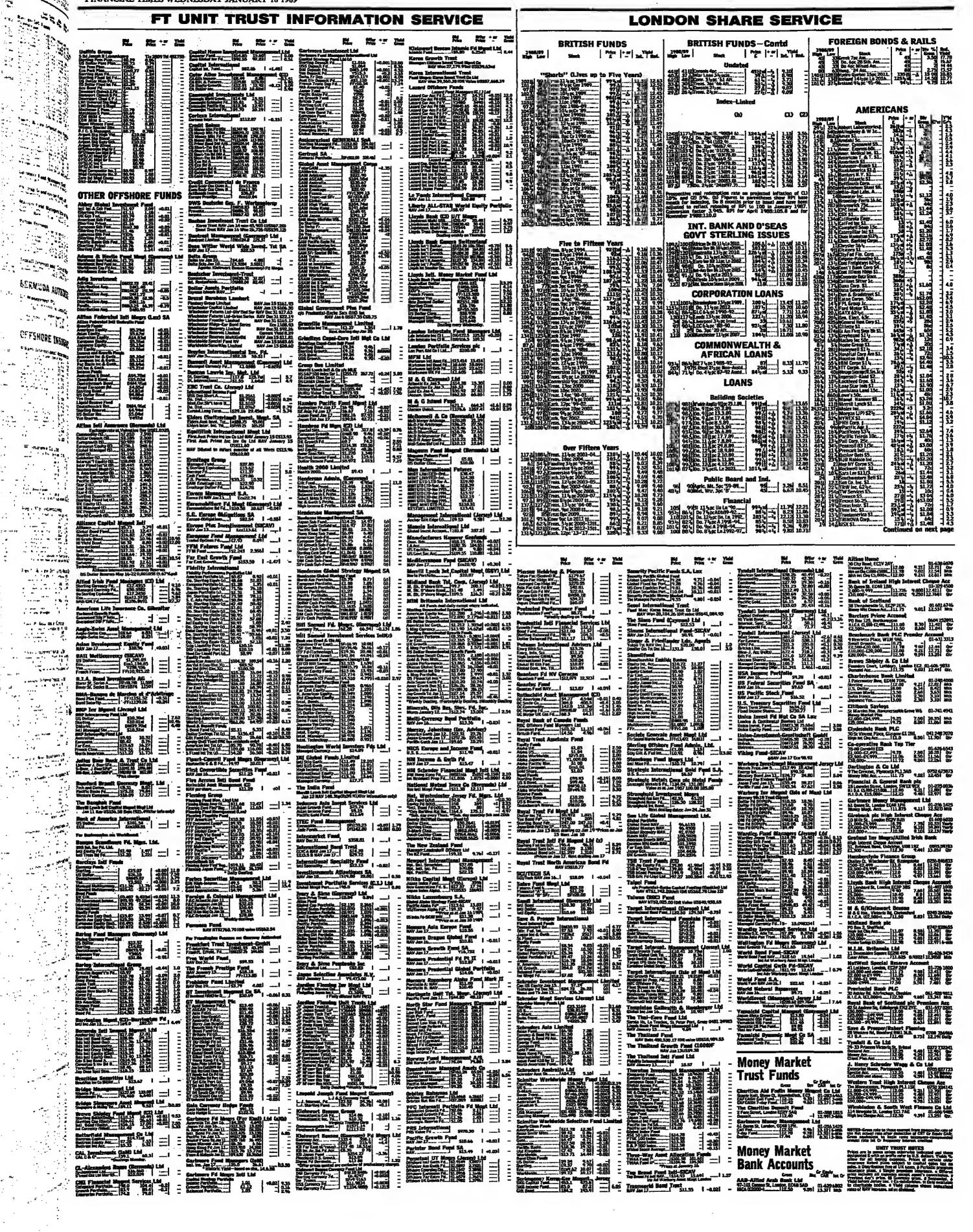
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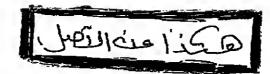


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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits trade data

UNCERTAINTY AHEAD of US November trade data encour-aged investors to take profits and move out of the dollar in currency markets yesterday. Trade figures are due for release today and most traders were content to square off their positions.

The dollar tested support at DM1.8450 but moved up above that level as buyers reemerged. The US unit remains underpinned by higher US interest rates as the US Federal Reserve maintains a tight mon-etary stance. There are also increased bopes that the incoming US administration will take measures to reduce the US budget deficit.

Underlying sentiment appeared to be little affected by suggestions that West German interest rates may be increased after a meeting tomorrow of the Bundesbank's central coun-

The dollar's solid undertone pushed it towards the best evel of the day by the close although it was still down from Monday's closing levels. The US unit finished at DM1.8505 against DM1.8580 and failed to improve in yen terms, closing at Y127.70 from Y128.20. Elsewhere, it finished at SFr1.5760 from SFr1.5845 and FFr6.3100 compared with FFr6.3300. On Bank of England figures, the dollar's exchange rate index

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Jan.	17	Lates	2		Previous Close	
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"All SDR rates are for Jac.16 **CURRENCY MOVEMENTS**

Jan.17	Bark of England Index	Morgan Guaranty Changes %
Sterling U.S Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Krone Doutsche Mark Swiss Franc Guilkier French Franc Lira	98.2 67.1 101.4 105.6 103.3 112.3 108.1 109.8 98.4 97.4	MIA MIA MIA MIA MIA MIA MIA MIA

Jan.17	£	S
Argentina	29.5430 - 29.7015 2.0620 - 2.0645	16.7100 - 16.7900
Brazil	1494,15 - 1502,35	1.1665 - 1.1675 845.10 - 1502.35
Greece	269.20 - 270.70	4.2720 - 4.2740 152.60 - 154.85
Hong Kong Iran	13,7935 - 13,8070 123,30°	7.8040 - 7.8060 69.00°
Korea(Stb)	1200.00 - 1209.65 0.50350 - 0.50465	680.40 - 686.00 0.28525 - 0.28535
Lincembourg Watersta	68.45-68.55 4.8210-4.8325	38.70-38.80 2.7285-2.7305
Mexico	4034.55 - 4054.55 2.8275 - 2.8325	2282.00 - 2292.00
Saedi Ar	6.6250-6.6360	1.5990 - 1.6015 3.7495 - 3.7505
Singapore S. Af (Cm)	3.4365 - 3.4420 4.2170 - 4.2285	1.9430 - 1.9450 2.3880 - 2.3910
S. Af (Fe)	6.8660 - 7.0020 48.80 - 49.05	3.8835 - 3.9605 27.65 - 27.75
U.A.E	6.4860 - 6.4985	3.6725 - 3.6735

MONEY MARKETS

finished at 67.1 from 67.3 on

Sterling edged up slightly against the dollar and its major European partners. Like the dollar, sterling remains underpinned by the high level of domestic interest rates. Some traders have suggested that the pound is slightly overbought but once again, it remains expensive to run short positions simply because of the

positions simply because of the high interest rate attraction built in to sterling.

In addition, the pound is gaining support from a major resistance level just above DM3 2500. Further support is desired from the Companyment's derived from the Government's determination to use interest rates as a means of controlling inflation. While December retail sales provided provi-sional signs of a slow down in consumer spending, investors are aware that the authorities are only more likely to alter official policy after the rate of inflation reaches its peak, and

most analysts agree that this

has not yet happened. On Bank of England figures the pound's exchange rate index finished at 98.2, unchanged from the opening but up from 98.1 at Monday's

Sterling closed at DM3-2725 from DM3-2700 and \$1.7680 against \$1.7600. It was unchanged against the yen at Y225.75 and SF72.7875 but improved elsewhere to FFr11.1550 from FFr11.1400. The D-Mark continued to

consolidate around the Y69.00 level against the yen, finishing at Y69.01 from Y69.00 on Monday. However, some traders expect the yen to appreciate over the near term, boosted by a possible rise to record levels in the Japanese trade surplus. Figures for December are due for release today, and analysts believe that a rush to beat end of year bolidays may have boosted exports significantly. Forecasters are looking for a surplus of around \$9bn compared with \$8.6bn a year ago.

EMS I	EUROPE	AN CUR	RENCY (JNIT RAT	TE\$
	Eco central rates	Correscy amounts against Eco Jan.17	% change from central rate	% change adjusted for divergence	Divergence limit, %
ias Franc	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58	43.6727 8.07484 2.08606 7.11099 2.35434 0.780471 1529.31	+2.86 +2.84 +1.34 +3.60 +1.51 +1.57 +3.68	+0.81 +0.79 +0.71 +0.95 -0.54 +0.80	±15344 ±15404 ±10981 ±13674 ±15022 ±16684 ±4.0752

Name :	are for	Eco. t	lución	e poultir	e diam
djustn	are for	wated	by Fin	ancial T	imes.

Jan_17	Day's spread	Close	Close One worth % Tarre months		Close One worth % Tarrer months		Close One month %			<u>%</u>
IS		1.7675 1.7685 21165 2.1175 3.69 3.70 68.45 68.55 1.2654 1.2265 3.27 3.274 267 50 388.50 204.30 204.70 20782 23924 11.664 11.67 11.134 11.144 2254 2254 2274 2297 2782 2794	0.60-0.57cpm 0.43-0.33cpm 24-24cpm 37-31cpm 37-31cpm 0.60-0.55cpm 24-24-ppm 26-14-ppm 26-14-ppm 14-1-3-prm 14-1-4-ppm	397 215 7.51 5.15 5.63 8.02 1.16 1.12 1.00 1.71 4.52 2.63 9.63 7.80	1.55-1.50pm 0.93-0.79pm 95-45pm 95-45pm 15-14-pm 147-1.37pm 54-34-pm 37-25pm 44-44-pm 45-34-pm 45-34-pm 45-34-pm 45-34-pm 45-34-pm 45-34-pm	3.1 65.4 4.4 6.1 6.1 6.1 7.1				

DOLL	AR SPOT-	FORWAR	D AGAIN	IST :	THE DOL	LAR
Jan.17	Day's Spread	Close	One month	% pa.	Three months	% p.1
UKt	6.70-6.72½ 6.28½ -6.31¾ 6.29-6.31 127.25-127.90 12.95½ -13.01 1.5680-1.5805	6,304 - 6,314 6,294 - 6,304 127 65 - 127,75 13,001 - 13,01 1,5755 - 1,5765	**C.60-0.57cpm 0.22-0.27cdfs 0.16-0.19cdfs 0.45-0.60cpm 7.50-550cpm 0.82-0.62crepm 15-35cdfs 1.50-3.50lbredfs 2.50-3.50lbredfs 0.40-0.15cpm 0.65-0.80ccpm 0.65-0.80ccpm 0.56-0.53cpm	271 138 550 241 436	1.55-1.50pm 0.52-0.62mi 0.53-0.57ds 1.70-1.65pm 2.00-1.6.00pm 2.30-1.90pm 2.67-1.63pm 60-110ds 78-88eb 8.00-9.00es 3.15-3.45eb 3.15-3.45eb 1.30-1.15pm 1.65-1.90eb 1.55-1.50pm 9.90-7.90pm 9.90-7.90pm 1.65-1.40pm	3.48 -1.58 -1.84 -1.85 -1.27 -2.24 -2.87 -2.51 -2.75 -1.78 -1.78 -2.75 -
† UK and Irela Individual cor	and are quoted in US rency. Belglast rate i	currency, Forward pri s for convertible fram	sulons and discour ics. Financial franc	38.85-3	o the US dollar and B.95,	not to the

EURO-CURRENCY INTEREST RATES							
Jan 17 .	Short, term	7 Days notice	One Morth	Three Months	Six Mouths	One .	
Sterling US Dollar Can, Dollar Can, Dollar Sw. Frasc Destschmark Fr. Franc Rallan Lire B. Fr. (Chul yo	13 - 14 - 15 - 15 - 15 - 15 - 15 - 15 - 15	134-13 91-94 104-105 531-51 531-51 54-54 84-84 124-7-1	134-13 94-94 104-105 55-55 55-55 125-115 75-75 45-94 81-8 94-94	131-13 97-93 112-101 61-51 51-51 51-51 87-87 121-11 72-71 41-43 91-91	121-121 94-97 11-11-0 0-6-11 55-5-11 81-81 12-11-7 7-7-1 43-81 95-95	124-125 98-95 112-113 64-64 51-65 81-51 81-81 71-71 71-71 41-45 82-83	

Volum 22/103	44-4	94-75	94-94	3,5-3,7	45-44	44-44
Long term Empdol years 93-93 per cent	lars: two year	1912-911 per ce	et; three years 9	12-911 per cent;	four years 9世	H per cent;
JOHNS 913-913 per cent	nominal. Sho	rt terns rates an	call for US Do	STATE THAT THE STATE	se Yen; others, i	and gays, not
	EV	WANO!	6006	C DATE		

	EXCHANGE CROSS RATES									
Jan.17	£	5	DOM	Yen	F Fr.	S Fr.	B FL	Litra	CS	8 Fr
Š	1 0.566	1.768 1	3273 1851	225.8 127.7	11.16	2.788 1.577	3.695 2.090	2399 1357	2117 1197	68.5 38.7
DAC	0.306 4.429	0.540 7.830	1 14.50	68.99 1000.	3.410 49.42	0.852 12.35	1636	733.0 10624	0.647 9.376	20.9 303.
F Fr. S Fr.	0.8%	1.584 0.634	2933 1174	202.3 80.99	10. 4.003	2.498 1	3311 1325	2150 860.5	1.897 0.759	6L3 24.5
H FL Ura	0.271 0.417	0.478 0.737	0.886 1.364	911	3.020 4.652	0.755 1.162	1 1.540	649.3 1000.	0.573 0.882	18.5 28.5
C S O Fr.	0.472	0.835 2.581	1.546 4.778	106.7 329.6	5.272 16.29	1.317	1.745 5.394	1133	1 3.091	32.3

FINANCIAL FUTURES

Double edge of debt repayment

Enthusiasm created by the

December UK retail trade data faded yesterday, and dealers were left to wonder whether

today's PSBR figures for

December would add to the weaker tone on Liffe. The rea-son behind this fear is that

lack of Government borrowing

IT HAS been some time since a large repayment figure on the UK Public Sector Borrowing December UK retail trade Requirement created euphoria in financial markets. Traders have come to expect a continu-ing decline in the level of national debt, and the time may have come when a high repayment figure will have an

UPFE \$1\$ 07790KS \$25,800 (certs per \$1)

is partly a reflection of high adverse impact on sterling LIFFE LONG GET FUTURES OFTE 180 180 180 180 180 111

7. 双5. 45%

Stimuted volume total, Calis 30 Puts 0 Previous day's open let. Calis 32 Puts 3750

LONDON (LIFFE)

Estimated Volume 259 (176) Previous day's open int. 516 (518)

Estimated Volume 3127 (2684) Previous day's open let. 15554 (15101)

Estimated Volume 12859 (6575) Previous day's open lest. 13476 (13675)

POUND-S (FOREIGN EXCHANGE)

Close High Low Prev. 190,15 190,50 189,00 190,20 192,55

High 90-17

1-mth 3-mth 6-mth 12-mth 1.7622 1.7528 1.7414 1.7263

LIFFE US TREASURY MONTH FUTURES OPTION **海北京大阪市公司第二** LIFFE EURODULLAR OPTIONS Cisa points of 190%

Calls 92 16.20 13.25 3.50 1.65 0.80 1.30 1.40 Puts-R Mar 0.35 0.95 2.10 4.45 10.40 15.20 20.40 Stribe Calls-settlements
Price Feb Mar Agr Jon
1.650 - 16.20 - 11.70
1.700 7.20 13.25 - 12.40
1.750 3.25 3.50 4.20 5.40
1.800 1.15 1.65 2.20 3.50
1.850 0.50 0.80 0.80 2.05
1.900 0.25 1.30 - 2.20
1.950 - 1.40 - 0.60
Estimated volume total, Calls RIA Pets II/A
Precrious day's open ist: Calls ZIA Pots II/3 130 130 330 335 1135 2.10 4.45 10.40

tax revenues. This in turn sug-

gests a strong economy, and will offset the better sentiment

created by weaker retail sales.

March short sterling showed

no sign of moving up towards

resistance at 87.41, and fell back below the previous resis-

tance level of 87.28, to close at

87.25, compared with 87.30 on

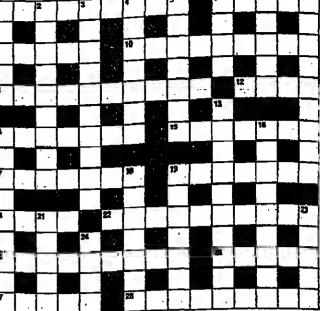
LIFFE FT-SE DIBEX FUTURES OFTENS

90-06 89-31 89-26 89-27 89-18 89-14 89-11

0.505 0.5460 0.503 0.5424 0.5489 0.5602 0.5489 0.5475

CROSSWORD

No.6,837 Set by VIXEN



ACROSS

ACROSS

1 He really worries people in the hills (9)
6 Flatten reporters! (5)
9 Brown's got a Greek character into deep water (5)
10 Alas it's an excitable breed of deg (9)

of dog (9) 11 Indifferent drink given to minor (10) 12 Man concerned with present

14 A measure taken in less interesting craft (7)
15 Struck about kind of shirt in

store (7)

17 Wanting order, so ring a foreigner (7)

19 Co-ordinated plug about not drinking by a French female (7) 20 Forced to return the cheese

(4) 22 A scientist who finds his work heavenly (10) 25 Setting no trend, do hadly

- get walked over (7,2)
26 Support retired following in the country (5) 27 Sack for taking money in general (5) 28 Note he's among makers-up

of oriental dress (9) 1 Being in debt, ask somebody for work (5)

2 Servicing the cou-pling - not for the first the coutime (9) Came back with the unit at one over the consequence of malnutrition (10)

4 its operators beg profits in the main (7)
5 Won't tolerate the maltreatment of sisters (7)
a The head coppers lunched

together (4)
7 Cancel because having entered before (5)
8 Arrested and prosecuted

when about to pay out (9)

13 Happy in admitting nothing
can give rise to argument

(10)
14 Tiredness affected the person not conforming (9)
16 His knack of acquiring riches was touching (4,5) 18 Poison scare in new deval-

opment (7)
19 Group having a right aim (7) A mug turned upside-down to be withdrawn (5) 23 Back Moslem leader and prepare to do battle again (5)

24 Keenness shown by the talented gets noticed (4) Solution to Puzzle No.6,836



Feb. 89 May 89 Ang, 89 Vol Last Vol Last Vol Last \$400 6 9.90 73 21 14 30 \$420 74 1.90 83 10 - - \$400 96 3.90 - - - \$420 113 17.50 A 9 19 - -Est. Vol. (Inc. figs. pot showel 6796 (4701) Presions day's open int. 42173 (41795)

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		Jax	. 89	Fe	b. 89	Mc	a. 89	
S/FIC S/FIC S/FIC S/FIP S/FIP S/FIP	F1, 205 F1, 210 F1, 220 F1, 205 F1, 205 F1, 210	44 27 -	3.70 0.90 2.40	50 61 140 88 12	4.80 8 2.30 0.80 1.50 4.30 A	227 106 79 38	5.10 8 0.60 1.40 5.40	FI. 20 FI. 20 FI. 20 FI. 20 FI. 20
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ROYAL-DUTCH C ROYAL GUTCH P INILEVER C	FL 240 Fl. 120	淵	3.40	249	7.90	179	10.20	FL 243.50 FL 123.20

BASE LENDING RATES

EUROPEAN OPTIONS EXCHANGE

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	Henry Assbacher	13
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4	Associates Can Corn	17
	Authority Rack	13
	Associates Cap Corp Authority Back • B & C Merchant Back	#
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e HTN Samuel C. Hoare & Co. .

Unity Tract Bank Pic Western Tract

FT City Seminar

Plaisterers Hall, City of London 20, 21 & 22 February, 1989

This three-day Seminar provides an overview of the traditional operations of the City of London together with an examination of its newer markets and activities. Speakers will include:

Win Bischoff Chairman J. Henry Schroder Wagg & Co. Ltd

Philip Warland Head of Information Division Bank of England

Martin Hall Director of Policy and Planning The Securities Association

Mark Boléat Director-General
The Building Societies Association

Michael Fowle Senior UK Banking & Finance Partner Peat Marwick McLintock

Robin Hutton Director-General British Merchant Banking and Securities Houses Association

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of 5 p.c., to discourage banks from borrowing at the 5.50 p.c. emergency Lombard rate. The UK clearing bank base lending rate 13 per cent from November 25

move to a 28-day agreement with no minimum rate will lead to competitive bidding by banks, putting upward pres-

sure on rates.

This highlights the apparent division between the Bundesbank - which sets interest rate policy - and the Federal Government. Mr Gerhard Stoltenberg, West German Finance Minister. said last weekend that he saw no need for tighter monetary policy. It was suggested yesterday that he would not have made this comment without consulting the central bank, but others were not so sure, believing the discount rate will go up to counter an overall fall of 1.4 p.c. in the value of the D-Mark so far this year. In London the longer end of

THE BUNDESBANK added a fresh twist to the debate on West German monetary policy yesterday by setting a securities repurchase agreement tender with no minimum bid rate. This immediately encouraged speculation that the Bundesbank will raise its discount rate from 3.5 p.c., at tomorrow's central bank council meeting.

The Bundesbank had reverted to fixed rate tenders of 5 p.c., to discourage banks

German rates twist

shortage of £1bn, but revised this to £900m in the afternoon. Total help of £906m was pro-

vided.
In an early round of assistance the anthorities bought £114m bills outright, by way of £10m Treasury bills and £103m bank bills in band 1 at 12% p.c., plus £1m bank bills in band 3 at 121 p.c. Another £488m bills were purchased, for resale to the market, on Janu-

ary 23 at 12%-12% p.c. Before lunch a further 260m bank bills were bought out-right, via £5m in band 2 at 12½ p.c.; £44m in band 3 at 12½ p.c.; and £11m in band 4 at 12% p.c. In the afternoon the Bank of England purchased £89m bank bills outright, through £41m in band 1; £19m in band 2; £2m in band 3; and £27m in band 4 at

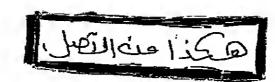
unchanged rates.
Bills maturing in official hands, repayment of late assistance and a take-up of Trea-sury bills drained £253m, with Exchequer transactions absorbing £810m, and bank bal-ances below target £50m.

FT LONDON INTERBANK FIXING

		IONE	Y RAT	'ES			
NEW YORK			Treasur	alls and	Bonds		
(4pm)	9	One month		8.09 Three	9.16		
Prime rate Sroker loan rate Fed. funds Fed. funds at laternession	10 ¹ 4-19	Two month Three month Six month Two year Two year		8.50 Five:		913 911 910 906	
Jan.17	Overeight	Que Month	Tyro Months	Three Months	Şix Menths	Logsbard latervention	
Frankfort	515-525	5,35 5,50	5,35-5.50	5.45-5.60	5,60-5,75	5.50	
Parts	515-525 83-85 43-45	83 ₁ -81 ₂ 51 ₄ -51 ₀	5.35-5.50 87 ₁ -87 ₂	5.45-5.60 8753 53-53	5,60-5.75 8 ¹ 2-8 ⁵ 1	5.50 7.25	
PartsZurich	83-83 43-45 5.87-6.00		5.35-5.50 81 ₆ -81 ₂	5.45-5.60 87-54 51-54 593-603	5.60-5.75 81 ₂ -81 ₁	灣	
Zurich Amsterdam	83-82 43-45 5.87-6.00 341-38	83 ₁ -81 ₂ 51 ₄ -51 ₀	5.35-5.50 81 ₁ -81 ₂	5355 5.93-6.03 4143	5,60-5.75 8 ¹ 2-8 ⁵ 1	5.50 7.25	
ParisZurich	83-83 43-45 5.87-6.00	83 ₁ -81 ₂ 51 ₄ -51 ₀	5.35-5.50 84-81 ₂ 74-81 ₄	87-54 54-55	5,60-5.75 81 ₂ -81 ₅ 81 ₄ -81 ₅	5 <u>5</u> 9	

LONDON MONEY RATES										
Jan.17	Overnight.	7 days	One Month	Three Months	Six Months	One Year				
Interbank Offer Interbank 816	:	131, 13	134 13 13 13 13 13 13 13 13 13 13 13 13 13	134 13 134 135 135 135 135 135 135 135 135 135 135	1212-7-12 1212-7-12 1212-7-12-7-12 122-7-12-7-1	124 125 126 126 124 124 124 9.65-9.60 719 85				
Treasury Bills (sell); one-month 1233 per ces discount 12.5093 p.c. E 1988 Agreed rates for p occurs if & III: 14.37 p	it; three mo CGD Fixed jeriod Janua Lo. Reference	nths 1255 p Rate Sterik by 25,1985 rate for on	per cent; Tre 19 Export Fi 7 to Februar riod Decemb	rasary Bills nance, Mak y 25 , 1989 er 1 to Dece	Average te e up day De	oder rate o				

JAPAN



			W	ORLD STO	CK MARKETS			
USTRIA Manary 17 Sch. + ar -	FRANKE (confinent) January 17 Frs. + e Ariometh Prime	(January 17 Dec - Lac-	JAMETY 17 Lire + or -			CAN	ADA	
Section Sect	Arlomari-Primer 2511 -254 Arlomari-Primer 254 -251 Arlomari-Primer 254 -254 Arlomari-Primer 254 -254 Arlomari-Primer 254 -255 Arlomari-Primer 255 BSD -552 -254 Barbin-Sur 553 -252 Barbin-Sur 553 -252 Barbin-Sur 553 -253 -252 Barbin-Sur 553 -253 -252 Barbin-Sur 553 -254 Barbin-Sur 553 -254 Barbin-Sur 553 -254 Barbin-Sur 553 -254 Canrelor 3,359 -11 Carlomari 525 -5 Canagar 1,229 +24 Carlomari 525 -5 Catalean 681 -5 Catalean 681 -5 Catalean 681 -5 Catalean 525 -1 Catalean 525 -1 Catalean 525 -5 Catalean 525 -1 Catalean 525	BASF	Languary 17	AGA B GFmel	TORONTO Apm prices January 17 Constitute in constructions marked 8. 87755 AARCA int 355 380 385+ 18 88264 Abritto in 2801/2 28 881/2 1000 Action in 5201/2 29 881/2 1000 Action in 5201/2 20 20 1/2 1000 Action in 5201/2 20 1/	1200 Cor TVX 15th Low Cises Ching 1200 Cor TVX 25th 25th 25th 25th 25th 1200 Consent Gas 25th 25th 25th 25th 1200 Corona A 25th 25th 25th 1200 Corona A 25th	Section Stack	State
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hat 60 276.4 +65.6 hat 8eeds 976.1 +3 erfs 4853.6 +174.4	Superi	Ranca Com'le 3,870 +100 Ranca Rat Apric 9,300 +230 Racca Lariano 4,140 Rascogi-RRS 225 +2 Restron 11,450 +40 Rango Gartiere 11,420 +115	Barca Centra 200 100	CRA 5200	NEW YORK DOW	JONES	Jan. Jan.	lan, Jan, 1988,189
a and	Sel SA	Beneficon	Carren Hispania	Currie Flusines	17 16 13	lan 1986/89 Stoce compitation 12 High Low High Low	AUSTRALIA	23 12 High Low
12 Miles + er	Sacs Resigned	Cantestr 3,81,6 -2 Cipatotei 4,598 -47 Cipatotei 6,039 -1 Contite Italiane 1,530 +14 Contite Italiane 1,530 +15 Cantestr 6,025 -75	Emergia and Art	East Rend Cold 12 +0.25 Elasteriad Sold 17.65 +0.35	Home Book 27.4.64 2224.64 2226.67 22	13/189 (20/186) (2/8/67) (2/7/52)		517.9 1507.8 1.657.8 19/8/680 1170.7 (10/2/880 86.2 681.4 847.8 19/8/680 532.4 (10/2/880
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122.5	Telement Elect. 4, 182 - 8 Thomson (CSF) 232 - 4 Total Petroles Fr. 426 - 5 UFB Locaball 420 - 25	0a Priv. 6.250 +15 Fids 7,180 +170 Fondaria 74,100 +100	Explosives No	Replaced Steel 30.5 (Circust Cost 33.75 -1.25 (Lingt Gold 32.5 -0.1 Linguage Gold 5.5 -0.25	40m/s High 2227-50 (27%-29) Law 2203.75 (2715.	resition resident restricts adults	Brasels SE CI/L/840	709.00 5690.80 5720.60(16/1/89) 3608.35(4/1/89)
remain 78"	Union Amendo Fr	CR 5,980 Caffaro 1,159 Cantentr 3,818 -2 Captone 4,559 -67 Captone 4,559 -67 Catto 6,039 -1 Catto 7,500 -150 Cartito 1,1530 -15 Captone 6,500 -205 Criticala 6,025 -75 Fat 10,115 -225 Captone 6,250 -145 Da Prin 6,250 -147 Fadi 7,180 -147 Fadi 7,180 -147 Captone 7,180 -170 Captone		Patabox Makes 51.5	STANDARD AND POOR'S Composite :	7.99 328.92 277.86 393.17 3.62	Copenhages SE (3/1/83)	80.37 280,13 285.95 0.7/1/89 180.68 (4/1/88) 729.2 729.0 772.1 (8/8/88) 530.605/1/88)
	GERMANY	Raleable 12,400 450 127,000 4805 127,000 4805 127,000 4805 128,000	Petrolens (Da Esp) — 482	Restrandt	Female: 25.43 25.50 25.40 25	1.33 26.42 21.51 32.43 8.64 20110/880 B/1/88) C25/887 01/10/749	FRANCE CAC General (33,7)2/820 440.2 409,7 4	41.3 434.4 441.3(13/1/89) 251.3 (29/1/88)
MACE 17 Fts. + 87 -	Jacobson 17 Date + or	Light Additation 10,900 +1.0 10,900 +1		Safratrine & Res	HYSE Companie 159.46 159.78 159.58 15 Amer Wit: Volte 315.57 316.81 315.93 31		GERMANY	
or	AEG	Resetton 11,459 -40	1872 1872	Tiger Onts			Dax (30/12/87) 1316.66 1344.11 13	55.12 566.69 967.515/1/89) 396.40 (29/1/88) 194.7 1698.7 1705.65/1/89) 1207.9 (29/1/88) 53.25 1358.74 1371.105/1/89) 931.18 (28/1/88)
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Dow depressed by weak dollar and firmer oil price

Wall Street

CONCERN about a weakening dollar and the possible inflationary effect of higher oil prices saw stocks drifting lower on the New York Stock Exchange, writes Karen Zogor in New York.

The Dow Jones Industrial Average closed at 2,214.64, down 10 points but still above the 2,200 level. Volume on the New York Stock Exchange was moderate, with 143.93m shares traded Decking igns shares out. traded. Declining issues out-paced advancers by 806 to 617. The news of a 0.4 per cent increase in November's busi-ness inventory was in keeping with analysts' expectations and had a limited impact on a market which is looking to the release of November's trade figures today. The deficit is expected to rise from October's \$10.35bn to \$11.1bn.

In anticipation of the figures, the dollar was unsettled. In the afternoon it had dipped to about Y127.85 and DM1.8505 from yesterday's levels of Y128.25 and DM1.8565. There was no central bank intervention in the open market.

Crude oil futures started the day on a dull note, with March futures off 5 cents to \$17.90 a

1988 was a reasonably happy one for most of

the world's equity markets and exceptional for Scandinavia

Norway led gains with a 16.6 per cent rise in local currency terms over the three months,

followed by Sweden's 14.9 per

cent advance, Denmark's 12.9 per cent and Hong Kong's 11.9

per cent, according to the lat-

est quarterly analysis of world markets by County NatWest

The figures, based on the FT-Actuaries World Indices,

and Hong Kong.

Exchange. By mid-afternoon they had picked up and March crude futures were trading at \$18.06 late in the day, up 11 cents. Sentiment remained largely bullish with many mar-

ket watchers expecting November's OPEC agreement to hold, keeping prices in the \$18 range.

The New York bond market was quiet with the market waiting for today's figures. The treasury's benchmark 30 -year long bond was down %

at 101%, a price at which it yielded 8.884 per cent. The Fed made \$1.5bn of customer repurchases, fewer than the \$2bn which some analysts had forecast. Funds were at 9% when the Fed entered the market and they remained at that level throughout the day. Boeing, the airplane manu-

facturer, dropped \$% to \$60% following the news of a wiring problems in several of its Boeing 757 planes. Shares in McDonnell Douglas, another airplane manufacturer, fell \$1/4

Goodyear Tire and Rubber, the world's largest tyre and rubber company, dropped \$2% to \$51 following reports that the company expects net earnings for the fourth quarter to fall by about 53 per cent from last year's \$119.4m. Shares in Apple Computer,

HE FINAL quarter of show that the worst perform-

the personal computer com-pany, disped by \$3% to \$40% in spite of the release of improved first quarter earnings. Net earnings were \$140.5m or \$1.10 a share up from \$121.4m or 92 cents a share a year ago.

The drop was partly due to analyst disappointment after the company said it expected earnings for fiscal 1989 to be in the \$3.60 to \$3.75 range. Analysts had expected the per share figure to range from

\$3.80 to \$4.00.

J. P. Morgan, the New York commercial bank, traded at \$35%, down \$% in spite of news that the company's yearend net income of \$1bn or \$5.38 a share was up from \$83.3m or \$5.38. 39 cents a share the previous

The company also posted fourth quarter gains of \$258.1m or \$1.38 a share from \$224.1m or \$1.21 a share.

Canada

Scandinavia sails into first place

Alison Maitland on global performance in the final quarter of '88

AFTER an uneven session, share prices in Toronto ended the day narrowly mixed. The gold index posted a small gain but industrials were lower. The composite index closed up 0.17 at 3504.77 after a see-saw day. Losers outran gainers 378 to 353 on volume of 23.6m shares.

Recent strength spurs bouts of profit-taking

PROFIT-TAKING was behind the weaker finish on most European bourses yesterday, but Milan made further gains, urites Our Markets Staff.
FRANKFURT came off

sharply as nervousness mounted that the Bundesbank might raise interest rates at its Thursday council meeting to stem the D.Mark's weakness against the dollar. "The market took a severe beating," said

one trader. Volume remained modest at DM3.57bn and the FAZ was down 5.96 at 554.64, with the DAX falling 27.45, or 2 per cent, to 1,316.66.

Caution about today's US trade figures weighed on the market, together with negative corporate rumours. Daimler lost DM21 to DM708 as lower corporate tax receipts in the cities of Stuttgart and Sindel-fingen exacerbated worries about a fall in earnings at the

motor group. Siemens dropped DM15 to DM522. There was a suggestion it might announce a cash call at a press conference on January 26, but one analyst said the

SOUTH AFRICA

GOLD shares ended narrowly mixed as the bullion price held above the psychologically important \$400 level. Interest company would probably have to placate investors with posi-tive news on the dividend first. There were also rumours of a rights issue at Commerzbank. down DM5.50, or 2.2 per cent, at DM248. Steel group Hoesch said it was closing its Dortmund-

Barop pipe-making plant, a move seen as allowing it to coocentrate on quality steels. It shed DM3.20 to DM205, less than the market's loss.

PARIS was activated again hy takeover talk, as well as by upward revisions of earnings estimates, but ended lower on

profit taking.

The CAC General index added 0.5 to 440.2 but by the finish the OMF 50 index was off 248 at 455.57. Volume was again curtailed, as a bourse employees' union meeting halted trading around midday for about an hour. Moulinex accounted for a healthy slice of the day's vol-ume, with more than 310,000

shares changing hands. It climbed FFr4.80 to FFr128.10 on strong fundamentals and speculation of a possible US Bouygues was active - with 260,000 shares dealt - amid news that an unnamed institutional investor had taken a 1.7 per cent stake with the construction company's agreement. But the stock ended FFr5 lower at FFr637, having

heen at FFr650. LVMH meanwhile refused to stay out of the headlines, adding FFr174 to FFr3.802 on suggestions that new chairman Mr Bernard Arnault might be forced to launch a full hid for the luxury goods group or

guarantee a share price for small shareholders.
Saint-Gohain, the glass maker, reported sharply higher net attributable profits for last year and rose FFr11 to FFr622. MILAN drew heavy demand for a second day, with the Comit index rising 4.38 to 615.89, for a two-day gain of 2.6 per cent. Volume was estimated a little lower than Monday's L264hn.

Buying interest in blue chips and the telecommunications sector particularly was reported from the US. Fiat,

which is expecting a roughly 20 per cent rise in operating profit to over L3,600bn, rose L35 to L10,115 and to L10,130 after hours.

There was continued interest in savings shares on their rela-tive cheapness and the view that as bearers they might escape a mooted capital gains tax Fiat savings rose L140 to L6,340 and Montedison savings moved between a low of L1,010 and a high of L1,223 before fixing down L6 at L1,189 and hitting L1.219 after hours.

ZURICH ran into profit-tak-ing anid concern over possible interest rate rises. The Crédit Suisse index lost 4.6 to 537.0. Suisse index lost 4.6 to 537.9.
Chemicals finished weaker in spite of positive profits news. Blue chips are usually among the first to face profitaking after a good run, said one analyst. Hoffmann-La Roche, which after the close said last year's profits should be well above those in 1967, saw its bahy certificates fall SF150 to SF113.75.

SFr150 to SFr13,575.

AMSTERDAM lost ground in profit-taking, with the US trade figures keeping some players

index shed 1.7 to 160.5 in slightly lower volume of Fi

384m. Property trust Rodamco rose 10 cents to F1 158.30 against the trend after saying it would raise its £1.3hm offer for Ham-merson of the UK if it won

sufficient support from the lat-ter's shareholders. Royal Dutch was off 40 cents at Fl 243.50 before today's two-for-one stock split.

STOCKHOLM closed slightly lower, with the Affarsvärlden General index off 1.8 to 1,030.1 Pharmacia B rose SKr7 to SKr181 and Volvo A added SKr5 to SKr465 amid renewed speculation that Volvo was

building up its stake in Phar-MADRID saw selective profit taking but managed to close higher, with the general index up 0.66 at 283.93. Telefonica had a healthy session, adding 2.7 points to 192 of par.

BRUSSELS closed a slack session mostly easier with the cash market index down 11.84 at 5,708.84 in a correction after recent sharp gains.

Inflation worries tip Nikkei lower

Tokyo

AFTER going from strength to strength for over a week, Tokyo yesterday decided — with the help of a weaker yen and stronger oil prices — that it was time to take a hreather, writes Patti Waldmeir in

But despite a certain leth-argy on the part of buyers which pushed the Nikkei average down more than 147 points at one stage to the day's low of \$1,150.84, the underlying buoy-ancy of market sentiment reasserted itself The Nikkei closed only 70.86

lower at 31,227.52 after peaking at a day's high of 31,317.23. It was the first decline in the index since January 5. Turnover was a respectable 933m shares, though well below the 1.77bn traded last

Friday, the last session before a three-day holiday weekend which ended yesterday. The Topix index of all listed shares fell 8.65 to 2,448.93. In London, the ISE/Nikkei 50

index added 4.60 to 1,998.75.
The fact that much of the equity market's recovery came in the last 30 minutes of trading - a pattern which has become fairly common in Tokyo since the introduction of stock index futures markets last year - led brokers to conclude that futures-related buy-ing contributed significantly to

the relatively bnoyant finish.
With the benefit of the bank
holiday weekend for reflection, holiday weekend for reflection, investors appeared to wake to the first trading day of the week with the sense that last week's extraordinary 3.6 per cent rise in the index had taken stock prices up too far, too fast and that the market was due for a correction.

"The dollar at Y128 and the sight of oil prices creeping up then brought inflation worries to the fore," said Mr Brad Bauer, salesman at brokers BZW, although he noted that the market's underlying assumption was that this degree of yen weakness would not last and that oil prices

could not be sustained at their

Mr Ian Forsyth at SBCI Securities called it "the first down day of the Heisei era," but said thet the market's late rebound suggested investors were still

taking the new era euphoria very much to heart.
The market remained relatively unfocused throughout the day, although large capital shipbuilders and steels fell, emong them NKK, off Y9 at Y986 in the day's heaviest vol-ume of 49.15m shares. Mitsubishi Heavy Industries lost Y20 to Y1,160 in the second most active turnover of 48.4m. Nippon Light Metals and

Yokohama Rubber each set new highs, with the former rising Y24 to Y857 on 16.2m shares and the latter Y50 to Y1.070 on optimism about the strength of capital expenditure in the domestic economy and continuing non-ferrous metals shortages. In Osaka, the OSE average

Roundup

DEMAND for property stocks took Hong Kong to another high, while Australia and Sing-apore saw more consolidation. HONG KONG resumed its climb to reach another post-crash high amid fresh demand from overseas. The Hang Seng index added 39.98 to 2,896.55, having touched 2,900.

Volumes rose to HK\$1.28bn in value, from HK3963m the previous day, and demand focused still on properties. New World added 56 cents to

HK\$14.20. AUSTRALIA was held back by the wait for today's domestic balance of payments figures for last month. Institutions were conspicuous by their absence and the All Ordinaries index dropped 10.2 to 1,501.8. SINGAPORE continued to consolidate, with activity hit by computer difficulties which shortened trading by one hour.

added 31.13 to 29,340.05, although volume at 96.6m The Straits Times industrial index lost 3.09 to 1,104.82 and shares was well below last turnover fell to 37m shares

falling 1.7 per cent and the rest of the world gaining only 3.7 cent in local currency terms. FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

ers last quarter were New Zea-land, whose 6.5 per cent fall contributed to its place at the

bottom of the league for the year, Switzerland, which lost

4.8 per cent, Australia, down

43 per cent, and Ireland, which fell 42 per cent.

local currency terms, the world had an even rosier hue. The US currency's weakness meant

that dollar investors tracking the index for the World exclu-

ding the US saw a 14.7 per cent

rise compared with only 7.6 per

Viewed in dollar rather than

The market capitalisation of the national and regional markets of the FT-Actuaries World Indices mber 30, 1988 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.

The percentage change for each Dollar index value since the end of the calendar year is also

MATIONAL AND REGORAL MARKETS (Figures in parentheses show murber of stocks per grouping)	Merket capitalisation es at December 30, 1988 (USSm)	of World Index	Merket capitalhunion as at September 30, 1968 (USSm)	of World lades	change in S index since December 31, 198
Australia (90)	93504.7	1.42	86753.3	1.46	+37.96
Austria (18)	4980.6	0.08	3430.8	0.06	-4.78
Beigium (63)	41542.3	0.63	36939.9	0.62	+30.98
Canada (125)	130904.7	1.99	122588.2	2.06	+ 13.68
Denmark (39)	15219.1	0.23	12741.4	0.21	+35.68
Finland (26)	4557.5	0.07	3764.8	0.06	+13.78
France (130)	150603.6	2.29	127010.7	2.13	+33.61
West Germany (102)	200443.7	3.05	177292.8	2.98	+ 13.80
Hong Kong (48)	48719.3	0.74	43005.9	2.98 0.72	+ 25.56
Ireland (18)	7387.7	0.11	7289.2	0.12	+25.85
italy (98)	96192.7	1.47	84300.7	1.42	+9.52
Japan (456)	2964623.4	45.17	2488698.2	41.83	+35.44
Malaysia (36)	4260.1	0.06	4036.6	0.07	+28.51
Mexico (13)	3217.8	0.06	2905.5	0.06	+53.43
Netherland (38)	75876.5	1.16	69414.0	1.17	+12.07
New Zealand (25)	9128.6	0.14	9193.3	0.15	- 11.25
Norway (25)	3567.7	0.05	2732.9	0.05	+36.54
Singapore (26)	9700.3	0.15	7901.3	0.13	+28.55
South Africa (60)	33228.8	0.61	30956.1	0.52	-12.49
Spain (42)	58883.5	0.90	54228.3	0.91	+11.90
Sweden (35)	· 20192.7	0.31	16729.4	0.28	+45.90
Switzerland (57)	66068.7	1.01	54457.3	0.92	-6.47
United Kingdom (315)	564549.2	8.60	540409.0	9.08	+210
USA (572)	1956196.0	29,80	1963134.8	32.99	+ 12.59
Europe (1006)	1310065.6	18,96	1190741.2	20.01	+9.62
Pacific Basin (679)	3129936.4	47.69	2639588.6	44.36	+35.08
Euro - Pacific (1685)	4440002.0	67.65	3830329.7	64.38	+ 26.47
North America (697)	2087100.7	31,80	2085721.0	35.05	+ 12.65
Europe Ex. UK (691)	745516.4	11.36	650332.2	10.93	+ 16.34
Pacific Ex. Japan (223)	165313.0	2.52	150690.4	2.54	+23.42
World Ex. US (1883)	4607353.4	70.20	3966777.6	67.01	+25.68
World Ex. UK (2140)	5999000.2	91.40	5409503.5	90.92	+23.58
World Ex. So. At. (2395)	6530320.6	99.49	5918956.3	99.48	+21.61
World Ex. Japan (1999)	3598926.0	54.83	3481214.3	58.17	+11.93
The World Indon/2455	DECORAG A	100.00	5040010 4	100.00	. 04 00

The World Index (2455) __ | 6563549.4 | 100.00 | 5949912.4 | 100.00 | The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited. 1987

Index), 114.42 (Pound Sterling) and 123.18 (Locaf).

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Back home by contrast, the US er cent. In sterling terms, the Back home by contrast, the US per cent. In sterling terms, t market rose a pairry 1.8 per US market lost 4.9 per cent. Looking at the year as a

Japan, which managed a whole, Japan continued to outcreditable 10.9 per cent gain in yen terms, jumped by 18.8 per cent in dollar terms. And the perform with a 39.5 per cent rise in local currency terms and will again have had the overall World Index was np greatest impact on global fund 10.4 per cent in dollar terms, compared with only 5.8 per performance, according to County NatWest WoodMac's cent in local currency terms quantitative analysts. The market contributed nearly 10 per-centage points to the perfor-mance of the World Index in 1988 - the World rose 24.3 per and 3.2 per cent in sterling Sterling investors had a much less fruitful time all round, with the UK market cent and the World ex-Japan

> rose 14.5 per cent. Japan's strong gains have produced a further shift in balance within the global market, with the Japanese weighting reaching 45 per cent at the end of 1988 from just under 42 per cent three months earlier and 39.7 per cent at the end of 1987.

The US has shrunk to just under 30 per cent from nearly 33 per cent at the end of Seotember and 33.6 per cent at the end of 1987. The shrinkage in the UK market has been even more pronounced, to 8.6 per cent from 9 per cent at the end of September and 10.4 per cent at the end of 1987.

Other notable changes include Belgium, whose weighting rose during 1988 from 0.55 per cent to 0.63 per cent of the world, France, which climbed from 1.99 per cent to 2.29 per cent, and Ireland, up from 0.09 per cent to 0.11 per cent. On the losing side, Italy fell from 1.58 per cent to 1.47 per cent, and South Africa dropped from 0.73 per cent to 0.51 per cent.

In 1988, three markets in the FT-A World Indices - Den-mark, Sweden and Japan exceeded their 1987 highs in local currency terms. Bot culated that all markets except Denmark remain more cheaply valued than when the World Index peaked at the end of August 1987, if changes in reported earnings and dividends are taken into account as well as price levels.

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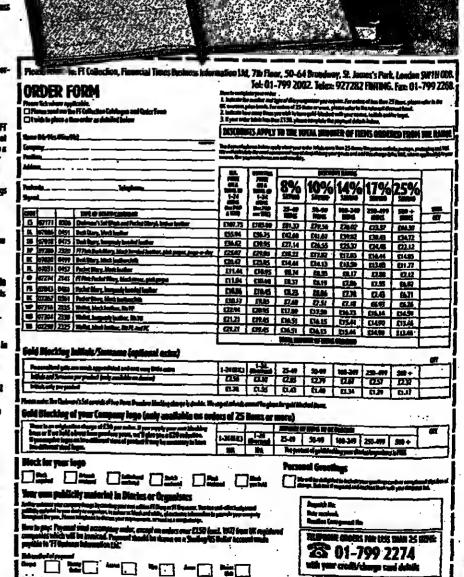
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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS		TUESO	PRAUKAL YA	17 1989		MOND	AY JANUARY	16 1989	200	ALAR IND	ex
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency ladex	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	146.16 93.09 133.22	-1.5 +0.3 +0.4	122.57 79.06 111.72	113,45 89,42 127,80	4.73 2.75 3.93	148.32 92.84 132.65	124.94 78.21 111.74	114.33 89.45 127.91	152.31 100.00 139.89	91.16 83.72 99.14	100.77 90.60 103.10
Belgium (63) Ganada (126) Denmark (39)	130.24 156.66	+0.0 8.0+	109.22 131.37	112.94 152.55	3.23 1.99	130.23 155.35	109.70 130.86	113.02 151,86	130.24	107.06	111.85
Finiand (26) France (131) West Germany (102)	126.63 115.27 84.48	+0.7 -0.2 -1.4	106.19 96.66 70.85	113,56 114.09 81.28	1.54 2.84 2.32	125.81 115.48 85.66	105.98 97.28 72.16	113.16 114.67 82.74	139.83 117.51 90.40	106.78 72.77 67.78	110.58 79.10 70.73
Hong Kong (46)ireland (18)	119.87 128.98	+1.2 +1.4	100.52 108.16	120.11 125.95	4.11	118.39 127.19	99.73 107.14	118.62 124.54	119.87 144.25	84.90 104.60	94.72 111.86
italy (98) Japan (456) Malaysia (36)	85.40 194.94 150.77	+1.0 -0.1 -0.1	71.61 163.47 126.43	86.55 157.36 158.49	2.33 0.48 2.69	84.54 195.04 150.98	71.21 164.30 127.18	85.87 158.06 158.80	86.88 197.43 154.17	62.99 133.61 107.83	74.32 140.89 119.68
Mexico (13)	163.86 112.00 69.76	+1.5 -0.3 +0.1	137.41 93.92 58.50	409.73 106.79 59.28	1.25	161.45 112.30 69.70	136.00 94.60 58.71	403.88 107.43 58.89	182.24 113.49 84.05	90.07 95.23 63.32	101.53 95.22
Norway (26) Singapore (26)	154.20 134.66	+2.3 -0.1	129.31 112.92	140.54 120.64	6.60 1.94 2.21	150.69 134.74	126.94 113.50	137,81 120,92	154.20 135.89	98.55 97.99	77.36 107.08 105.29
Spain (42)Sweeten (35)	119.24 149.00 145.01	+0.2 +0.8 +0.3	99.99 124.94 121.60	102.22 130.77 135.24	4.52 3.13 2.11	119.45 147.79 144.53	100.62 124.49 121.75	102.40 129.99 135.27	139.07 164.47 146.97	98.26 130.73 96.92	126.40 135.59 98.79
Switzerland (S7)United Kingdom (314)	76.93 137.69	-0.9 +0.2	64.51 115.47	75.17 115.47	2.26 4.69	77.52 137.35	65.30 115.70	76.15 115.70	86.75	74.13	78.32 129.74
USA (571)	115.44	+0.0	96.81 96,17	115.44	3.62	115.67	97.44 95.62	115.67	115.67	97.01	101.84
Nordic (126) Pacific Basin (679) Euro-Pacific (1686)	140.64 189.85 159.74	+0.7 -0.1 -0.1	117.94 159.20 133.96	128.19 153.90 134.09	1.99 0.69 1.55	139.62 189.99 159.83	117.62 160.04 134.64	127.72 154.55 134.65	192.26	130.81	137.52 122.75
North America (697) Europe Ex. UK (693)	116,24 100,20 128,99	-0.2 -0.2 -0.4	97,47 84,03 108,17	115.32 96.88 110.28	3,59 2,81	116.45 100.42	98.10 84.59 109.14	115.54 97.43 110.32	116.45 102.91 130.38	99.78 80.27	102.37 82.42
Pacific Ex. Japan (223)	158.32 142.27	-0.1 -0.1	132.76 119.30	133.20 128.44	4,43 1,62 1,98	129.56 158.41 142.46	133,44 120,00	133,74 128,90	160.10 143.47	87.51 120.26 111.77	96.89 122.41 112.94
World Ex. So. Af. (2396) World Ex. Japan (2000)	141.99 116.28	-0.1 -0.1	119.06 97.51	127.37 111.22	2.20 3.65	142.12 116.43	119.72 98.08	127.81 111.51	143_13 116.76	113.26 100.00	114.35 101.76
The World Index (2456)	141.85	-0.1	118.95	127.20	2.22	141.98	119,60	127.64	142,98	113.37	114.43

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94,94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$